

1 SAN FRANCISCO, CALIFORNIA, JULY 17, 2008 - 10:10 AM

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3 ADMINISTRATIVE LAW JUDGE THOMAS: Let's be on
4 the record.

5 This is the workshop in connection with
6 the applications of the large investor-owned utilities
7 for approval of low income efficiency and CARE budgets
8 for the years 2009-2011. The proceeding number is
9 A.08-05-022 which has been consolidated as of yesterday
10 with -024, -025 and -026.

11 I'm Administrative Law Judge Sarah Thomas.
12 I will be here primarily just to ask a few questions as
13 things come up. As I said to everybody off the record,
14 I'd really like you to keep this informal and not make
15 formal presentations.

16 Our illustrious Energy Division staff will be
17 leading the workshop and I want to introduce them first.

18 At my left is Dan Olson. And Dan, which
19 issues will you be presenting on?

20 MR. OLSON: I'll be working with pilots -- just
21 pilots and taking notes.

22 ALJ THOMAS: Okay. And to my right is Johanna
23 Sevier. What is your issue?

24 MS. SEVIER: I'll be talking about customer
25 segmentation and population estimates.

26 ALJ THOMAS: And in front of me is Ava Tran. And
27 Ava, what issues will you be presenting on?

28 MS. TRAN: I'll be talking about energy savings

1 and leveraging.

2 ALJ THOMAS: All right. So we're going to get
3 started.

4 I also wanted to acknowledge Kelly Hymes from
5 Commissioner Grueneich's office. Thank you for coming;
6 appreciate it.

7 And Sarv Randhawa is also in the audience.
8 And he'll be working on the small and multi-
9 jurisdictional utility applications which are coming in
10 shortly.

11 And I welcome all of you. It's really good to
12 see this turnout, and I hope we can make some progress
13 today.

14 So, who's up first?

15 MS. SEVIER: I am.

16 ALJ THOMAS: Go ahead, Johanna.

17 MS. SEVIER: We're going to be talking today about
18 customer segmentation, which has been a hot topic in
19 this proceeding. And in looking at the Commission
20 directives as well as what we deem to be best practices
21 in the utilities' budget applications, we have put
22 together at the staff level sort of a whole neighborhood
23 approach customer segmentation, so I'm going to be
24 talking about that model.

25 And we believe it pursues a more efficient and
26 less expensive means of delivering the LIEE program.
27 And in hopefully this discussion, we'll generate
28 conversation on what additional categories for customer

1 segmentation should be pursued and we're hoping that we
2 can come to a consensus on that today.

3 So, moving forward.

4 The development of the directives on customer
5 segmentation, at least to my knowledge, sort of emerged
6 out of the KEMA Needs Assessment. And in
7 the recommendations from this rather extensive study,
8 we see that the Commission must encourage the utilities
9 to find better, more efficient, and less expensive ways
10 to deliver energy saving measures. And this is in
11 the spirit of trying to establish an optimal LIEE
12 program design.

13 The needs assessment also recommends or also
14 states that only a small portion of low income
15 households are in need of comprehensive energy
16 efficiency upgrades, and most, in fact, on average, all
17 low income households have immediate need for relatively
18 low cost, low impact measures.

19 And essentially, the process used to identify
20 households who only have a need for a few of these low
21 cost items is the same as that which is used to identify
22 and qualify households who have much more significant
23 needs.

24 And again, this is in section 7 of the KEMA
25 Needs Assessment Recommendations section.

26 So based on the KEMA needs assessment,
27 the Energy Staff put together a proposed delivery model,
28 which I'm sure you all have seen. And the former ALJ on

1 this proceeding requested comments on September 27,
2 2007, so we have read your comments. And we're also
3 incorporating those comments into this proposed model.

4 And so the former Energy Division model was
5 that here (indicating). And I believe in the budget
6 applications, we see the incorporation of the idea of
7 energy usage into the segmentation approach; however, we
8 didn't really get into density and incidence.

9 And what density and incidence signifies is
10 density being concentration of a low income
11 population -- or the concentration of a population in
12 general; and then incidence being out of that population
13 how many of those people are low income and qualify for
14 this program.

15 And so what the staff proposed delivery model
16 recommends is in varying outreach strategies, depending
17 upon whether or not the customer is in a rural or
18 urban -- I believe that's how we can best think of
19 density and incidence -- a rural or urban location and
20 whether or not their energy usage is low, medium or
21 high.

22 So, moving forward.

23 The Commission issued guidance on segmentation
24 in the decision which came out in December, which,
25 again, I'm sure you all have read. And in that decision
26 we see a programmatic initiative being adopted of
27 reaching all eligible and willing customers through
28 the LIEE program by the year 2020.

1 Also within the decision we see the directives
2 for the LIEE program including emphasizing opportunities
3 to save energy. And the Commission has decided that
4 the customer segmentation approach via energy usage will
5 be included in the new model. We also see the directive
6 of pursuing cost effective means of program delivery as
7 well as taking advantage of other resources and
8 programs, i.e., leveraging; and then providing customers
9 with ways to reduce their bills and improve their
10 quality of life.

11 And then more recently, the Commission issued
12 its draft strategic plan for energy efficiency on
13 July 14, 2008, which maybe you haven't seen since this
14 was just three days ago. And there --

15 ALJ THOMAS: I will just say -- sorry to
16 interrupt -- but it was served on all lists. I'm sorry
17 to the extent that you're getting duplicate messages.
18 We're trying to be overinclusive rather than
19 underinclusive. But if anybody did not get a copy of
20 the strategic plan and needs it, send an e-mail to
21 srt -- that's me -- @cpuc.ca.gov. Thank you.

22 MS. SEVIER: So the strategic plan entails two
23 main goals for the LIEE portion which is included under
24 the residential sector. One of the goals is improve
25 customer outreach. And there are several strategies as
26 to how this would be accomplished. One of the
27 strategies is improving program delivery. And the near
28 term strategy -- in other words, in the program years

1 2009 to 2011 -- the strategic plan suggests that we
2 should use the information from segmentation analysis to
3 achieve efficiencies in program delivery.

4 Then the other goal under the LIEE section is
5 LIEE will function as an energy resource. And one of
6 the strategies of this goal is increasing delivery of
7 efficiency programs by identifying segmented
8 concentration of customers.

9 And again, the near term strategy for program
10 years 2009 to 2011 is identifying and developing
11 a segmented approach to the delivering services and
12 improving the use of community based organizations in
13 delivering these services.

14 And underneath the discussion of both of these
15 goals, the segmentation approach is presented as
16 follows: It will improve the efficiency of delivery by
17 identifying geographic and social concentration of
18 customers to achieve economies in delivery, material
19 purchasing, and resources.

20 And now I'll get into the staff, the new staff
21 proposed model which we're calling with the whole
22 neighborhood approach. And I've used the term
23 "neighborhood" because I think it denotes a location.
24 We were discussing the use of the word "community" but
25 I believe we can envision low income community as every
26 low income customer in the state of California. But
27 what we're really getting at here is looking at specific
28 geographic areas.

1 So, let's see.

2 I think also before I began describing exactly
3 what we're talking about in this new model, I think
4 the conversations we have had recently have sort of
5 confused the segmentation discussion. It seems that
6 there's the outreach component of segmentation and then
7 the program delivery component of segmentation. And
8 I think in our conversations we've been mixing the two.
9 And for purposes of this presentation, I really want to
10 make a distinction between outreach segmentation and
11 program delivery segmentation.

12 So basically, the first step in program
13 delivery is to identify which low income neighborhood to
14 target. In other words, we want to locate
15 a concentration of low income customers in a specific
16 geographic area to target. And the actor conducting
17 this would be the utility. And the strategies we'd
18 promote in this model would be locating pockets of low
19 income customers using demographic information, such as
20 the ZIP 7 approach which certain utilities already use.
21 Another strategy would be locating pockets of low income
22 customers using the CARE lists which are great,
23 wonderful source of information on where these customers
24 are and who they are. And in turn, putting together a,
25 you know, a concentrated area of these customers to
26 focus on.

27 Another strategy could be locating pockets of
28 low income customers with high energy usage. And then

1 also we could just look at neighborhoods that are in
2 need of revitalization.

3 So the objective achieved through these
4 strategies would be identifying a specific geographic
5 area to target. Then the targeting itself would occur.
6 In other words, we'd be conducting outreach to
7 pre-identify low income customers in a specific
8 geographic area. And the utility would of course be
9 involved as well as the community based organizations,
10 contractors, and subcontractors.

11 And the strategies we'd recommend employing
12 would vary depending upon whether or not this
13 neighborhood was urban or rural. And we believe that
14 certain strategies would best in different areas. And
15 we don't want a glitzy, glamorous marketing campaign.
16 We think that the CARE outreach and marketing
17 infrastructure is a great resource, and this should be
18 utilized to the greatest possible extent. And so in
19 both urban and rural areas, we would promote the use of
20 the CARE outreach marketing structure.

21 Also in all areas, we'd recommend leveraging
22 and partnering with local entities. And the whole
23 concept of leveraging is heavily promoted in
24 the strategic plan, so this would help us accomplish
25 those goals set forward elsewhere.

26 We also think that submitting press releases
27 to local media would be a good way of reaching both
28 urban and rural neighborhoods. And press releases could

1 be a good way of encouraging local papers in
2 the neighborhood where we're targeting to write
3 articles. And this would generate greater interest in
4 the community, I think, at a higher level than that
5 which you might generate through expensive
6 advertisements.

7 Another strategy we recommend would be sending
8 e-mail blasts to customers in the area because that's
9 fairly cost effective.

10 Now, in urban neighborhoods that are set to be
11 targeted, we really like the idea of deploying mobile
12 energy units. This was a practice proposed in SCE's
13 application, we believe. And we think mobile energy
14 units would work well in urban areas because they could
15 just -- they could come to the neighborhood being
16 targeted, and people would come outside and see this
17 energy unit and become interested in the program
18 subsequently.

19 In rural neighborhoods or rural areas, this
20 wouldn't work so well. We don't want this truck
21 traveling up and down, leaving a carbon footprint. And
22 you know, it's just not feasible in a cost effective
23 manner.

24 Another strategy that works -- that we think
25 works really well in urban areas is door-to-door
26 outreach and canvassing.

27 And then in rural neighborhoods -- and I use
28 the term "neighborhood" again because "community" is a

1 loaded term. So when I say rural neighborhoods, just
2 think rural areas.

3 In rural areas we think that outreach at
4 community events is a good tactic, given that community
5 events could allow for social networking. And for
6 instance, if there's a county fair, you might want to go
7 to the county fair and get people in this heavily rural
8 agricultural area interested in the program accordingly.

9 Another good strategy for rural neighborhoods
10 might be direct mailing. We don't think direct mailing
11 is a good approach in general because it is expensive.
12 As you guys have said, the cost of paper is going up.
13 And we don't want a glitzy marketing campaign. We want
14 to focus all the money possible on the direct
15 installation and measures so that a hundred percent of
16 customers can be reached by 2020.

17 So then step three would be assessing
18 the homes in this low income neighborhood, installing
19 the measures, and inspecting the measures. And so
20 the actors would be the contractors and the community
21 based organizations, and they would conduct energy
22 audits in the specific geographic area household by
23 household, perhaps door to door. Like if you have one
24 apartment building, you would go knock on every single
25 apartment and get people enrolled and install
26 the measures and inspect the measures all at the very
27 same time.

28 And when we were on a ride-along, we noticed

1 that there was a lot of back and forth from, you know,
2 one neighborhood on this side of town to a neighborhood
3 on the complete opposite side of town. And this is
4 where this geographic discussion is stemming from,
5 because we felt like the transportation costs and the
6 overhead were really high, and it didn't seem very
7 efficient. And in light of the Commission's directives
8 in moving forward for other proceedings in terms of
9 energy, we want to reduce our carbon footprint; we don't
10 want to increase greenhouse gas emissions.

11 And in direct impact of this program, if we're
12 sending a car out here and then a car to the other side
13 of town, and then going back for repeat visits, we don't
14 think that's a very good way of being sustainable
15 environmentally friendly. So I just wanted to put that
16 out there.

17 The strategies we might want to employ for
18 the assessment of homes would be what I think we've
19 already spent a lot of time discussing in terms of
20 segmentation, and that would be the assessment of energy
21 usage. And we really like PG&E's proposal of using
22 a two-month trigger for high, medium, and low users.]

23 We also think that we should assess the energy
24 burden.

25 And I know there might be several ways of
26 doing this, and we really want to hear your ideas.

27 Another segmentation strategy would be climate
28 zone, and to a certain extent I think this is already

1 taken into consideration with the Cost-Effectiveness
2 Test, but I think there might be a, you know, better way
3 of really including climate zones as a segmentation
4 tactic.

5 And then household types.

6 And so after -- after the assessment, the CBO
7 or the contractor, the subcontractor would determine
8 which measures to install; then they would install the
9 measures; then they would conduct inspections.

10 And again this would occur -- incur in a
11 specific low-income neighborhood.

12 And one idea for how this might be
13 accomplished would be, okay, I know a contractor is
14 usually operating at the county level and they have
15 certain goals to reach, and so maybe one month during
16 the year could be spent on one specific neighborhood and
17 then the next month would be spent on another
18 neighborhood. So that might be a way of organizing this
19 new structure.

20 And to sort of conclude the presentation on
21 the whole neighborhood approach -- and we'll get to the
22 discussion on segmentation in a bit -- I want to say
23 that I really think that this approach could encourage
24 involvement by local organizations and entities, in turn
25 promoting leveraging opportunities, which is a very
26 important part of the strategic plan.

27 I also think that the whole neighborhood
28 approach achieves a more cost-effective approach to

1 program delivery both in terms of outreach and marketing
2 and assessment, measure installation and inspection, and
3 moreover it reduces the transportation costs that
4 currently occur in the program.

5 And then by reducing the transportation costs
6 we reduce the carbon footprint of this program, which I
7 think we all agree on is pretty important.

8 Also the whole neighborhood approach maintains
9 the programmatic focus on the installation of measures.

10 We're not focusing on, you know, sending out
11 brochures and, you know, flooding people's mailboxes and
12 such; we're focusing on delivering the measures to the
13 customers in the most cost-effective manner possible.

14 And also the approach I think generates
15 community-building: it utilizes social networks and
16 makes program delivery a community event.

17 So I would really like to hear your comments
18 on this.

19 ALJ THOMAS: Or questions.

20 MS. SEVIER: Or questions.

21 Anyone?

22 You had hand up first, Ms. Watts-Zagha.

23 MS. WATTS-ZAGHA: Hi.

24 This is Karen Watts-Zagha with the Division of
25 Ratepayer Advocates.

26 I have several questions, that I wanted to
27 start with the marketing -- the segmentation as it
28 relates to marketing, and I really do appreciate you

1 making that distinction between segmenting for reaching
2 households versus segmenting for determining which
3 measures to install while you're at the household, as
4 DRA is very supportive of the first approach.

5 Number one, I would like to ask, to the extent
6 the IOUs could address this, to what extent they have
7 already accomplished the demographic identification that
8 you are suggesting?

9 And I don't have the place in their
10 Applications, but when we did review, I think it would
11 be in the section on goals by population segments and
12 progress towards reaching those goals.

13 My understanding of what I read in that
14 applications is that they did do this multilayer
15 demographic identification of finding areas where there
16 are dense areas with high concentrations of low-income
17 customers, so I'd like to know if -- to what extent
18 they've accomplished this.

19 Secondly, I would like to know how PG&E's
20 customer-segmentation foundation that it's described in
21 its demand-response proceeding also furthers this --
22 their ability to do this.

23 I'd like to suggest that CBOs should be an
24 actor in the identification of neighborhoods together
25 with the IOUs.

26 Fourth, I would support using the CARE
27 marketing and outreach structure and, to the extent that
28 it can be accomplished, costs should be requested in the

1 CARE budgets unless they develop the LIEE budges.

2 And I did also want to ask the Energy Division
3 and the ALJ regarding the cost reductions that they
4 might think would be achieved through this neighborhood
5 approach, where those cost reflections, cost reductions
6 would be reflected in the budgets and in the reporting
7 of costs that the IOUs do.

8 Thank you very much.

9 And I know those are a bunch of questions, so
10 I thought I'd throw them all out there now.

11 ALJ THOMAS: Let's go off the record for a moment.

12 (Off the record)

13 ALJ THOMAS: Let's be on the record.

14 We've had representatives of each of the large
15 utilities move forward.

16 The first question had to do with how much
17 work the utilities have done to identify neighborhoods
18 that could be visited using the approach that Ms. Sevier
19 described.

20 Why don't you identify yourself for the
21 record, Ms. Thompson, and answer the question.

22 MS. THOMPSON: My name is Frances Thompson. I'm
23 with Pacific Gas and Electric Company.

24 And we are just starting to design or develop
25 or look at all the neighborhoods that we could be
26 targeting. We haven't done a lot of work on that as of
27 yet, we've been very specific into what neighborhoods
28 have low income.

1 We have all the CARE numbers now, and we're
2 looking at all that currently.

3 ALJ THOMAS: And have you done any work to
4 identify who your high-burden energy burden customers
5 are, your high-energy insecurity customers, energy
6 insecurity being maybe customers who received either
7 shut-off notices or had late-payment histories?

8 Have you done any of that work?

9 MS. THOMPSON: We've not done anything yet on
10 late-payment histories.

11 We have -- we know what counties -- we know by
12 county the higher carrier users, where they -- we know
13 where those customers are currently, so -- and we're
14 looking to design based on what Johanna said here today,
15 how to target customers more effectively through a
16 neighborhood approach.

17 So we've been talking about it; we just don't
18 have it all together yet.

19 ALJ THOMAS: Okay.

20 MR. PARKHILL: Jack Parkhill, Southern Cal Edison.

21 We have available to us now, based on our CARE
22 enrollment, penetration numbers by Zip Code, so we do
23 have density of the low-income customers throughout our
24 service territory, so that easily is pulled.

25 As a result of some data requests that came
26 in, we started to look at the various tiered levels of
27 our CARE customers, but that is in the -- and that's
28 still in the infancy stage in terms of trying to

1 evaluate it.

2 But at the heart of this question is density
3 of low-income customers. We -- we had in -- 78, 79
4 percent of our LIEE-eligible customers are identified
5 and we know where they live.

6 MS. THOMPSON: And that's the same for us as well.

7 ALJ THOMAS: Do you have the technology to run
8 maps so that you can see maps of parts of your territory
9 where there's the greatest density of certain kinds of
10 customers, especially the high-energy burden, high-
11 energy insecurity, high -- large family size, high heat
12 or cold?

13 MR. PARKHILL: I'm sure that technology is
14 available but it's not readily accessible to us at this
15 time.

16 We tried doing that with our CFL proposal in
17 terms of density, and we were able to generate some
18 maps, but, you know, it really is a somewhat tedious
19 process to go through our maps organization, something
20 that we would propose to be developed over, you know,
21 the course of this Application period so that we -- when
22 we get down to that finite number of customers that, you
23 know, we will really be able to pinpoint them.

24 But in the initial stages we had penetration
25 information. We can go to those highly-densely
26 populated areas and move forward in developing a system
27 that would be able to better target based on a number of
28 factors that we would put in their energy burden, for

1 example, what defines energy burden; you know, nonenergy
2 benefits which is an issue that, you know, still remains
3 to be dealt with I think over the Application period.

4 So --

5 ALJ THOMAS: As the Scoping Memo indicated, we're
6 not going to be focusing on upgrading or expanding upon
7 the nonenergy-benefits issue in this cycle, so --

8 MR. PARKHILL: And the three-year Application --

9 ALJ THOMAS: Well, the other issue in the Scoping
10 Memo, the final issue in the Scoping Memo is what sort
11 of check-in we need to do midcourse to make sure that
12 the utilities are on course with goals that we set.

13 MR. PARKHILL: Uh-huh.

14 ALJ THOMAS: So it may very well be that in the
15 cycle --

16 MR. PARKHILL: Yeah.

17 ALJ THOMAS: -- the 2009 to 2011 cycle we look at
18 that.

19 MR. PARKHILL: Right.

20 ALJ THOMAS: But we're not going to be able to do
21 a whole new sort of definition of net --

22 MR. PARKHILL: Oh, I understand that. Yes.

23 ALJ THOMAS: -- nonenergy benefits before the
24 decision comes out this year.

25 MR. PARKHILL: I totally understand and agree with
26 that.

27 And my thought was that during that three-year
28 cycle period we could spend some quality time on it and

1 develop something that would be in place for the
2 remainder of the, you know, 2020 cycle.

3 ALJ THOMAS: And, then, Mr. Lawless?

4 MR. LAWLESS: Yeah.

5 For SDG&E we've been actually doing almost
6 identical to what Joanne covered for the last three
7 years.

8 We haven't incorporated anything with energy
9 burden at this point in time. Our plans are to do that,
10 to focus on those customers.

11 But we have been working heavily with our
12 prime contractor, RHA, in directing our marketing
13 efforts to neighborhoods in an organized manner so that
14 we're not going all over the county at any given point
15 in time. We've got crews in different -- working from
16 different geographic areas, and obviously we stay as
17 close to their geographic home as we can.

18 So this is something we've been following.
19 We've been using CARE lists, we've been directing based
20 on neighborhoods that need revitalization, we've been
21 focusing on all those areas for probably three years,
22 we've been stepping it up with each year because we've
23 had to use those methods in order to increase our
24 enrollment in the program.

25 ALJ THOMAS: Off the record.

26 (Off the record)

27 ALJ THOMAS: On the record.

28 MS. SEVIER: We're going to move on to additional

1 questions.

2 I think Susan had her hand up first.

3 MS. BROWN: Yes. Susan Brown, A.W.I.S.H.

4 I have three questions, not necessarily in
5 order of importance, but, first of all, under the
6 approach that you describe, who decides what measures
7 are installed?

8 That's my first question.

9 My second one:

10 How does this differ from the current approach
11 where, in fact -- I mean, I understand the geographic
12 targeting, but under the current approach you install
13 certain measures in high -- in extreme climates, for
14 example. How does it differ from that?

15 And how is hardship factored into this?

16 And third, the current code provides under
17 Section 2790 a list of minimal measures. That's been
18 defined in the weatherization manual as three -- any
19 three measures or one appliance. And please correct me
20 if I'm wrong, utilities. Are you proposing something
21 different?

22 MS. SEVIER: Well, I don't have all the answers
23 today, and I'm sort of looking to you guys to help us
24 determine what those answers might be, so I am going to
25 throw the question back at you, Susan: What would you
26 recommend for what you've --

27 MS. BROWN: All feasible cost-effective measures,
28 like the code says.

1 MS. SEVIER: Uh-huh.

2 And anyone else care to weigh in on Susan's
3 question?

4 MS. BROWN: I mean, in talking about carbon
5 footprint, I mean, it's -- it's -- that's really the
6 only conclusion you can draw; that if you are going to
7 be out there at a house, you do what needs to be done.

8 And Mr. Karp is here from A.W.I.S.H., and he
9 can talk about that with quite a bit of expertise.

10 MS. SEVIER: Mr. Hodges had his hand up?]

11 Do you, Mr. Hodges, want to jump in.

12 MR. HODGES: Jim Hodges with the Association of
13 California Energy Providers and San Mateo CAA.

14 On that issue of what measures do we install
15 when we get to the house, we believe that the energy use
16 model, which says high energy users get more measures
17 than low energy users, is based upon a faulty
18 misunderstanding about the nature of low-income
19 households.

20 MS. SEVIER: Mr. Hodges, we've already agreed at
21 the Commission level that we're going to be using the
22 energy usage approach.

23 MR. HODGES: I'd like to refer you --

24 MS. SEVIER: And we have said that in the Scoping
25 Memo.

26 MR. HODGES: -- to the Scoping Memo, Item No. 7,
27 which we're not disputing, using targeting and
28 segmenting as a way to get to a house. What we're

1 talking about is Item No. 7 in the Scoping Memo, which
2 says:

3 The appropriateness of the mix of
4 measures that IOUs propose with
5 high energy savings are or should
6 be increasing, and whether, where
7 IOUs propose to decrease such
8 measures, the Commission should
9 increase the required
10 installations.

11 We're talking about the mix of measures once
12 you've gone to find the house, which is what, exactly
13 what Susan was talking about. And I didn't hear you
14 raise an objection when Susan discussed it.

15 MS. SEVIER: We're going to be talking about the
16 mix of measures with Ava in about 45 minutes. So I
17 think perhaps given that and given that we've already
18 decided that we will be using energy usage as a
19 segmentation approach, I'd like to move on to other
20 issues, because there's a lot going on in this model,
21 and I really, really appreciate your comments on other
22 issues as well.

23 MR. HODGES: So does that mean you are also not
24 taking into account the statements just made by Susan
25 Brown?

26 ALJ THOMAS: Wait a minute. Wait a minute. Wait
27 a minute. This is a workshop. We're not here to argue
28 and make speeches. I already said that at the

1 beginning. I don't think anybody is not taking into
2 account -- I've known Susan Brown for 30 years.

3 MS. BROWN: We were children.

4 ALJ THOMAS: We were mere babies at the time.

5 (Laughter)

6 ALJ THOMAS: In our cribs.

7 (Laughter)

8 ALJ THOMAS: I mean this is about hearing from the
9 Energy Division about what its ideas are and having
10 constructive dialog about those ideas. I think the
11 strategic plan and the earlier Commission decisions made
12 clear, this is the direction we're going to go in. You
13 may hate it. I understand that some of you object to
14 it. But try to be part of the process and make it as
15 good a process as possible.

16 Our goal here is to increase the pie so that
17 more low-income customers get more measures. The
18 budgets -- we're up to something like \$700 million in
19 budget for the LIEE program, which is not a doubling of
20 the budget for every IOU, but it's a huge amount of
21 measures that we could potentially install.

22 So the goal is to get as many low-income
23 customers having as many measures as possible. And I
24 think arguing about semantics is going to get us
25 nowhere. I think we're all on the same page in terms of
26 wanting to give more help to more low-income people as
27 quickly as possible so that by 2020 every low-income
28 person that's eligible and wants them has these

1 measures.

2 MR. HODGES: To help me stay on the same page.

3 ALJ THOMAS: Pardon?

4 MR. HODGES: In order to help me stay on the same
5 page so I know what kinds of questions would be a mere
6 diversion, I'd like to know why, if Susan Brown, who is
7 a friend and ally, discusses what measures should be
8 installed in the home once you get there and it raises
9 no objection, if I discuss the same subject, why raise
10 an objection?

11 ALJ THOMAS: I don't think we're in a mode of, I
12 object.

13 MR. HODGES: I know.

14 ALJ THOMAS: That's not the point.

15 MR. HODGES: If there was a transcript kept, you
16 would see that she stopped me in mid-sentence and said
17 don't ask that. She doesn't have to say "I object."

18 ALJ THOMAS: All right. Let's go off the record.
19 (Off the record)

20 ALJ THOMAS: Let's go back on the record.

21 I've made my little speech off the record
22 about trying to keep this today productive. Is there
23 anybody that has a specific response to the specific
24 detail that Ms. Sevier laid forward?

25 Sir, you have your hand up. And I'll have to
26 ask you to step forward and identify yourself.

27 MR. JENSEN: My name is John Jensen. I'm with RHA
28 San Diego. And I --

1 ALJ THOMAS: Hang on one sec. Why don't you sit
2 over at the end there.

3 MR. JENSEN: John Jensen, RHA San Diego. And I
4 just wanted to make a comment or two about the plan that
5 Ms. Sevier has offered here, and that is to say that
6 she's done a very good job of describing the LIEE
7 program as it has existed for probably 20, 20 some
8 years. The logic is irrefutable.

9 ALJ THOMAS: Let me just ask you a question about
10 that. I just heard from two, at least two utilities
11 that they don't even have the data that would enable
12 them to do the program this way.

13 MR. JENSEN: I'll explain to you why I say that,
14 and that is, as an implementer, this is a very logical
15 approach. And if you're in the business of doing
16 outreach and trying to reach the most income eligible
17 people in any community, not to confuse that word, but
18 it only makes sense that canvassing is effective in the
19 densest population of low-income people.

20 So if I'm charged with going out to enroll a
21 number of people, that's where I'm going to target. I'm
22 going to target these neighborhoods that Ms. Sevier has
23 talked about. It's a very logical approach, and it's
24 generally what's been done.

25 I do have a comment about her suggestion that
26 direct mail is ineffective, and that is that we've found
27 it to be effective in the San Diego area because so many
28 low-income people are working people. And in that case

1 canvassing doesn't work. I mean you don't -- there are
2 a number of people that you don't find at home during
3 normal business hours even if you work on Saturdays and
4 Sundays and so on. Some of these people have to
5 schedule this kind of a visit.

6 And so we've found direct mail, very simple
7 direct message in that mailing to be successful. And in
8 fact, we've found it to be more successful than media
9 outreach as far as the cost of it.

10 So, you know, I don't like killing trees
11 either, but a lot of people will get a letter from the
12 utility that simply describes the program and tells them
13 what they may be eligible for, and they'll respond to
14 that, make an appointment, and then we can
15 cost-effectively serve them.

16 So I would just like you to keep that in mind
17 as a good approach, and it's worked in the San Diego
18 area for a long time.

19 ALJ THOMAS: Questions, comments?

20 Sir. And identify yourself.

21 MR. KARP: Good morning, Judge Thomas. This is
22 Michael Karp with AWISH. I think AWISH's position on
23 segmentation has been clear. So I won't belabor that.
24 But I would like to, given segmentation and whole
25 neighborhood approaches, I'd like to share a couple of
26 observations.

27 One is the City of Portland, Oregon, is
28 looking at a new initiative where they're looking at

1 floating a couple of hundred million dollars worth of
2 bonds to do neighborhoods for comprehensive energy
3 efficiency retrofits. Within that, the low income, the
4 low-income partic -- and this is an opt-out approach,
5 which is really interesting. They're real serious about
6 conservation. And within that, and as low-income
7 households are identified, they would first be eligible
8 for the and targeted the Low-Income Home Energy
9 Assistance Program federal funds, the Department of
10 Energy weatherization funds, and so forth. But the
11 low-income are just part of the neighborhoods. And the
12 other -- and this may be relevant for tomorrow's
13 workshop and strategies for energy efficiency overall.

14 But then working with lending institutions
15 such as Shore Bank, which we are also working with to
16 develop a loan package, about \$35,000 average for small
17 solar and comprehensive energy efficiency with
18 progressive, you know, zero interest loan or pay back at
19 time of sale types of approaches, then you've got a
20 comprehensive neighborhood approach, and then you can
21 isolate the different funding options for low-income
22 that include the federal programs and the utility
23 dollars. And to me that makes a lot of sense.

24 One of the other observations I had is that
25 AWISH is an intervenor in the low-income solar
26 proceeding as well. And it occurs to me, again, for
27 discussion purposes a potential conflict there where the
28 goal of course is to first maximize efficiency before

1 you introduce generation of any kind, and maximize
2 efficiency, not in a cursory level.

3 So I see within the Commission's jurisdiction
4 already some conflicting issues that may come up, and it
5 may be worth sorting, trying to look and sort those out.

6 So thanks for the opportunity to make some
7 comments.

8 ALJ THOMAS: Thank you, sir.

9 Mr. Burt, you've had your hand up for quite a
10 while.

11 MR. BURT: Bob Burt, Insulation Contractors.

12 My first question is really a clarification.
13 When you keep referring to neighborhood, are you
14 referring to what we used to in the previous LIEE refer
15 to as neighborhood qualification where the contractor
16 was told, this neighborhood is all qualified, you don't
17 have to do income qualification, or are you referring to
18 simply choosing neighborhoods to target? Because it
19 makes a tremendous difference on what kind of bids
20 you're going to get which you're going to do.

21 MS. SEVIER: I think we are just talking about
22 neighborhoods to target. The eligibility discussion is
23 rather complex, and for purposes of time, I didn't
24 really want to get into that. So. But if you have
25 ideas, please. Do you have anything else?

26 MR. BURT: Yeah. And the second is related to
27 your earlier point, and that is, when you refer to local
28 organizations, in most black neighborhoods the church is

1 the most important single local organization. And my
2 question is, will there be problems if we -- of people
3 complaining about church and state being mixed if we use
4 the church in that neighborhood?

5 MS. SEVIER: I think under the current federal
6 administration that's not really an issue.

7 MR. BURT: We know. But as you are very well
8 aware, it has been made a big issue by people like the
9 ACLU. So my question is, are you prepared to argue
10 against an intervenor who would say that any use of a
11 church organization in this program is
12 anti-constitutional?]

13 ALJ THOMAS: Take note of that. Take that under
14 submission.

15 I think it's a case by case determination of
16 how community based programs offered out of either
17 traditional black churches or other religious groups.

18 MR. PARKHILL: There's a large number of faith
19 based organizations outreach in CARE.

20 MS. THOMPSON: That's right.

21 ALJ THOMAS: So certainly no blanket prohibition.
22 It depends. If outreach workers were proselytizing at
23 the same time, that would be a problem. If it's really
24 just community services a la Catholic Charities and many
25 other groups, it's a different, whole different
26 consideration.

27 Mr. Parkhill, you had your hand up.

28 MR. PARKHILL: Thank you very much.

1 One of the key elements of the whole
2 neighborhood approach that I don't see in here is
3 education and awareness. I think education's going to
4 be key in implementing any kind of LIEE program, because
5 from the electric side there may not be measures
6 available to all customers. And getting in there and
7 making that customer aware of what the footprint is and
8 how it will affect them in the coming years and
9 providing them with energy efficiency practices that
10 might be able to save them energy in the home is going
11 to be key.

12 So I think that's something that is real
13 important in trying to make that education effort as
14 meaningful to the customer will be important.

15 ALJ THOMAS: I'm not in favor of any education
16 that isn't tied to immediate installation of measures.

17 MR. PARKHILL: Really?

18 ALJ THOMAS: To the extent that we are -- we see
19 proposals in the utility applications to increase
20 education funding with no temporally close installation
21 of measures, the Commissioner and I are going to be
22 looking very closely at those proposals.

23 MR. PARKHILL: That brings into question
24 the willingness to participate. I mean, the number of
25 customers that we're going to service because we may not
26 find customers that may be eligible for measures for
27 installation, so therefore we'll have to find some
28 avenue for tracking those customers as well. So, okay.

1 ALJ THOMAS: Given the 12/07 decision that only
2 3 percent per year of eligible LIEE customers are being
3 reached --

4 MR. PARKHILL: Mm-hmm.

5 ALJ THOMAS: -- I suspect there are customers out
6 there. It's a question of targeting appropriately and
7 reaching the ones that haven't been reached.

8 MR. BURT: We have never had a slightest
9 difficulty finding eligibles. The problem is when you
10 stop.

11 ALJ THOMAS: When the funding runs out, you mean?

12 MR. BURT: I mean, I was responding to your point
13 that I don't think we'll have any problem locating
14 eligibles. The question is are you going to qualify by
15 neighborhood or are we going to go out and talk to
16 individuals and get them to qualify. And if that's not
17 made clear prior to bidding, you're going to find some
18 wildly different bids.

19 ALJ THOMAS: That's helpful to know.

20 Yes, go ahead.

21 MS. SEVIER: Who was next?

22 ALJ THOMAS: Ms. Watts-Zagha.

23 Off the record.

24 (Off the record)

25 MS. WATTS-ZAGHA: Karen Watts-Zagha with DRA.

26 ALJ THOMAS: On the record.

27 MS. WATTS-ZAGHA: I did want to ask, and I believe
28 that the neighborhood approach would be consistent with

1 the marketing technique of customer service
2 representatives. And I feel strongly that when
3 customers contact the utilities on their own accord for
4 service initiation for billing issues, for shutoff
5 notices, that they should be offered LIEE treatment.

6 And I wanted to suggest that if you wanted to
7 coordinate this with a demographic approach, I think
8 the customer service representative should be able to
9 identify by zip code what they need to tell that
10 customer.

11 But I do want to emphasize that I believe the
12 Commission policy for certain programs, CARE and FERA,
13 requires utility customer service representatives to
14 verbally offer services to customers calling the center.

15 And I know sometimes when we're talking about
16 marketing, we're always talking about going out and
17 finding or getting customers. And I just want to remind
18 everyone that customers come to you, they call you, and
19 you need to know, oh, are they willing or not. This is
20 another opportunity to define if they're willing or not
21 by having that verbal conversation and not to miss that
22 opportunity and create additional costs.

23 ALJ THOMAS: I love that idea.

24 MS. SEVIER: Yes.

25 ALJ THOMAS: And I want to hear from the utilities
26 the extent to which they're doing it.

27 I'll just recount a personal experience. I am
28 not low income, so this on the regular EE side. I've

1 tried probably three times to call PG&E to get
2 information about EE measures that I can install in my
3 new home. I've been switched around, put on hold, cut
4 off, I've been told to check the website. I've never
5 had a conversation with any service rep that gave me
6 good information about EE measures that I as a well-off
7 San Francisco resident could get and pay for in my
8 house.

9 So I do think that getting customers when you
10 have them in hand is a really good way of getting
11 the message out as you have, if you have low income
12 customers come, calling in about cutoff notices or about
13 late bills, getting them there rather than transferring
14 them around or sending them to another place is a really
15 good idea.

16 And my anecdotal experience is irrelevant to
17 this proceeding. But I've just -- I've been wanting to
18 recount that experience for several months now.

19 (Laughter)

20 ALJ THOMAS: I still don't have anything in my
21 house.

22 But anyway, let's hear from you.

23 Ms. Thompson, you had your hand up.

24 MS. THOMPSON: I did. I want to touch a little
25 bit about what Mr. Burt said earlier.

26 Many years ago we actually did a targeted
27 neighborhood program where we did was -- he asked two
28 questions -- he made two statements. One, is the whole

1 neighborhood qualified or are you just going to target
2 the neighborhood.

3 So many years ago, we did whole neighborhood
4 target. We did a census information. If you had more
5 like 80 percent of the neighborhood applied, you just
6 went through the neighborhood and helped everybody that
7 you could help while you were there. Worked very, very
8 well. So we're open to doing that.

9 The con to that is that you also serve
10 customers who didn't qualify because you did not ask for
11 income documentation when you target a complete
12 neighborhood like that.

13 So we can do both. We can just target
14 the neighborhood and walk through. It's a very good way
15 to do it.

16 You're right: You keep everybody there. All
17 your resources are there. Your crews are all at the
18 same place. You can go from house to house to house.
19 There's a lot of efficiencies that can be gained by
20 that.

21 So it's a very positive experience and we can
22 pull all that together.

23 I want to go back a little bit. But what
24 I said is we do have a lot of information.

25 And I neglected to share with CARE. CARE is
26 already doing the targeting on shutoffs, non-pays, third
27 parties, medical baselines. We're tying into that now
28 so we have all that information.

1 So I just want to go on the record and say we
2 have it all. We just haven't put it all into one bucket
3 yet and I'm working on that at the time but we do have
4 it.

5 ALJ THOMAS: I'm sorry to interrupt. Would it be
6 possible to take customers as they come in and get them
7 in the hands of the CARE/LIEE team? Because I take it
8 that the customers with shutoff notices and the like do
9 not call into the call center than handles CARE and
10 LIEE, but a general --

11 MS. THOMPSON: They call the general 5000 line,
12 correct.

13 ALJ THOMAS: Is there a way -- and I know
14 technology can be a burden here, but is there a way to
15 keep those people in the queue and get them immediately
16 to CARE and LIEE?

17 MS. THOMPSON: And actually, Linda and I were just
18 discussing --

19 Do you want to talk about that?

20 So I'll have her -- she's been in big
21 discussions just recently.

22 ALJ THOMAS: We'll be off the record a second.

23 (Off the record)

24 ALJ THOMAS: On the record.

25 MS. FONTES: Linda Fontes, PG&E CARE program
26 manager.

27 I have been having conversations with our
28 customer service rep department, customer services, and

1 looking at exactly what is in the scripting for customer
2 service reps. There's two different categories.
3 There's a customer who's calling in because of
4 a financial difficulty, and the customer service reps at
5 that point will speak about the different programs.
6 Then there's the topic of a customer calling in who's
7 simply opening up an account. Service initiation is
8 what we're calling it. That piece is not happening
9 automatically, and that's a piece that I'm working on
10 right now.

11 I wasn't aware that there was a -- we, PG&E
12 had not been aware that there was a requirement, so
13 we're going to be asking for an example of that later.

14 And at the same time for Pacific Gas and
15 Electric Company, we have a toll-free line
16 1-866-PGE-CARE. That is solely dedicated for CARE. And
17 it rings at the call centers and is answered by customer
18 service reps.

19 MS. SEVIER: Great, thank you.

20 Additional questions?

21 MS. THOMPSON: One right here.

22 MS. WILLEFORD: My name is Rebecca Willeford and
23 I'm here with Disabilities Rights Advocates. And we are
24 here representing the interests of people with
25 disabilities in this process, many of whom tend to be
26 very low income and are also high energy consumers,
27 people who need to charge their motorized wheelchairs
28 and use ventilators, and things like that. And we have

1 some comments regarding targeted outreach to be sure
2 that we are reaching people with disabilities in this.

3 And the first is in terms of locating homes
4 where people with disabilities live which is -- probably
5 be incorporated into the neighborhood approach is to use
6 medical baseline, to be sure we're doing that to target
7 folks with disabilities; and then also using community
8 based organizations such as centers for independent
9 living to be sure we're getting the message out as far
10 and wide as possible.

11 And then in terms of the outreach that we do,
12 we want to be sure that that is in formats that are
13 accessible to everyone. So everything from making sure
14 that our websites are compatible with screen readers
15 that people with visual disabilities use, to being sure
16 that forms that have to be filled out are compatible
17 with Dragon Dictate software -- and let's see --
18 brochures, bill inserts, being in large font. And then
19 TTY TTD lines, just being sure that those get answered
20 so that people calling in with questions on those lines
21 could get the answers that they need.

22 So we just wanted to bring that up.

23 MS. SEVIER: Thank you.

24 ALJ THOMAS: The KEMA Needs Assessment indicated
25 that something like a third of the low income customers
26 somebody in the household has a disability, either
27 a physical disability or a mental or emotional
28 disability. So it's a huge portion of the low income

1 population that we're trying to serve. So I completely
2 agree with you that this is an are of prioritization.

3 I also asked Ava Tran to work with our DDTP
4 expert within in the Commission which is the Deaf and
5 Disabled Telecommunication Program to find out more
6 avenues for outreach in addition to what you, ma'am, are
7 telling us as well.

8 Thank you.

9 MS. SEVIER: Yes.

10 MS. LA PIERRE: Good morning. My name is Alice
11 LaPierre. I'm with the City of Berkeley's Office of
12 Energy and Sustainable Development.

13 Just so you sort of get a picture of how this
14 fits in with the cities in the area, the City
15 of Berkeley has done a greenhouse gas emissions study,
16 and we have sort of discovered that after
17 transportation, which is our largest greenhouse gas
18 emissions source, the second largest is residential
19 natural gas consumption. So that is a huge footprint in
20 the City of Berkeley. I can't speak for other
21 communities, but this is an area that we are very, very
22 concerned about and very much need to address.

23 For us, the way the programs have been set up
24 in the past is using climate zone to determine what
25 measures can be installed, and it basically pushes
26 things to a sort of cherry-picking approach.

27 What we would love to have is something that
28 provides or gives us a chance to do performance based

1 measures so that we can, using a loading order, we can
2 implement things and have a blended payback rather than
3 simply starting with that sort of cherry-picking
4 approach. Otherwise we end up screwing in light bulbs
5 all day and not really addressing things like broken
6 duct work where, in our climate zone, duct work even in
7 new construction, duct work is never tested. In other
8 climate zones, duct work is tested. And I think there's
9 somebody in the room here who discovered that even
10 though she has a new two-stage furnace, it didn't really
11 do much good because her duct work was disconnected.

12 ALJ THOMAS: So a whole house approach.

13 MS. LA PIERRE: The whole house approach is really
14 the thing that's going to benefit everybody. It's going
15 to address -- I'm not allowed to say nonenergy benefits
16 apparently today.

17 ALJ THOMAS: No. You may.

18 I completely believe in the issue of nonenergy
19 benefits. We just had to do some triage about what we
20 can get done in the short cycle.

21 MS. LA PIERRE: Absolutely.

22 ALJ THOMAS: It's something we need to look at and
23 I agree with.

24 MS. LA PIERRE: But having the loading order set
25 up so that, for instance, you're not just coming in and
26 putting in a new energy efficient furnace if you haven't
27 addressed the issue of disconnected ducts or unsealed
28 ducts.

1 You know, I did a house out in Stockton when
2 I was doing some training on this and the duct work
3 leaked 78 percent. This was just a normal house that --
4 '50s ranch house.

5 These kinds of very, very basic measures are
6 huge, absolutely huge. And without having a loading
7 order and then a blended payback approach, it makes it
8 very, very difficult for us to implement those more
9 expensive measures or especially for someone, a low
10 income person to be able to still afford things.

11 MS. SEVIER: What do you mean by a blended payback
12 approach?

13 MS. LA PIERRE: For instance, normally one would
14 not think that attic insulation necessarily was
15 inexpensive to install. But if you add attic insulation
16 and you also say, okay, maybe that's expensive, but
17 we'll also do some lower cost or faster payback measures
18 like water efficient shower heads and that sort of
19 thing. So a bunch of measures where you, when do you
20 the calculations, they come out -- that the payback
21 period is shorter overall, even though some of the
22 measures may be more expensive. Or wall insulation or
23 air sealing. Air sealing in a building shell is huge,
24 absolutely huge, but it takes a lot of time. Not a lot
25 of material, but a lot of time to do all this and find
26 where the leaks are.

27 MS. SEVIER: Thank you.

28 MS. LA PIERRE: Thank you.

1 MS. RUDSHAGEN: Hello. My name is Carmen
2 Rudschagen, CARE manager at SoCalGas.

3 I just wanted to point out that SoCalGas does
4 offer CARE when customers call to initiate gas service,
5 call to make payment arrangements, call to when their
6 gas is shut off.

7 ALJ THOMAS: What about LIEE?

8 MS. RUDSHAGEN: What we do is we do direct
9 mailings. We do postcard mailings.

10 ALJ THOMAS: But no --

11 MS. RUDSHAGEN: We do outreach.

12 ALJ THOMAS: But not on the phone?

13 MS. RUDSHAGEN: Not on the phone. Much of it is
14 we get over a million calls in a given year and we
15 actually enroll less than a hundred thousand customers.
16 So consequently, we know who's eligible for CARE. And
17 at that point, if we verify that information as well, we
18 use that CARE verified customer information to outreach
19 for LIEE.

20 Also, on the CARE application forms
21 themselves, there is referral to the LIEE program and an
22 800 number directly on that on the front page of
23 the application.

24 In addition to that, I wanted to comment on
25 the information for customers with medical disabilities.
26 And we do have brochures specific for customers, persons
27 with disabilities. And we also have our websites for
28 both LIEE and CARE that are very friendly for -- we have

1 screen readers, Alt tags, et cetera.

2 ALJ THOMAS: Thank you.

3 MS. SEVIER: Thank you.

4 Now because we only have about 15 minutes
5 left, I'd like to start, if possible, to develop
6 a consensus on the customer segmentation we'd like to
7 see for program delivery.

8 So can you do the next slide, Ava.

9 These are various segmentation approaches. As
10 we've discussed, energy usage is a go.

11 So other than that, I'd like comments on
12 anything up here, what you guys think, how we should
13 move forward.

14 Yes.

15 MR. KANG: Good morning. My name is Sam Kang from
16 Greenlining Institute. I'd just like to offer --

17 Hi, Judge Thomas.

18 ALJ THOMAS: Hi. How are you? I thought I saw
19 you out there.

20 MR. KANG: Good.

21 ALJ THOMAS: Let me just for the record so we have
22 a record, the list that Ms. Sevier put up has in this
23 particular -- in this order, although I don't know that
24 after the first couple there's any particular order, is
25 energy usage, energy burden, energy insecurity, climate
26 zones, housing type, renters versus owners, master meter
27 customers, head of household is disabled or is on
28 medical baseline, late payment history, language, family

1 size, seniors, near homeless, and I think another one
2 that I particularly likes was neighborhoods in real dire
3 poverty or in serious need of revitalization.

4 Go ahead, Mr. Kang.

5 MR. KANG: Sure. No problem.

6 The input we would like to provide to that
7 relates back to step two in terms of targeting low
8 income neighborhoods. There are three specific pieces
9 of input that I think might help in the execution.

10 You said -- one of the suggestions you had was
11 to submit press releases to local media. I believe in
12 high density, high incidence areas as you labeled it,
13 there there's a large overlap of certain ethnic-based
14 neighborhoods as well. So I'd like to offer instead of
15 just submitting press releases, Greenlining can help you
16 do this, we can help you target the ethnic media that
17 can more efficiently reach those population areas that's
18 quote high density high incidence.

19 MS. SEVIER: Thank you.

20 ALJ THOMAS: We asked in one of the set of data
21 requests that I sent out the utilities to identify
22 spending, what they're doing on ethnic media.

23 I completely agree that ethnic media is key in
24 this outreach area. And I want to emphasize, continue
25 to emphasize, and increasing the emphasis on ethnic
26 media.

27 MR. KANG: Greenlining would be more than happy to
28 do that because the media would not only translate into

1 English, but also Spanish, Tagalog, Vietnamese, Chinese
2 all those communities.

3 MS. SEVIER: Great.

4 MR. KANG: Two, your suggestion of sending e-mail
5 blasts to customers in the area, I'm not sure, I don't
6 have the specific data in front of me but I'm not sure
7 how high the Internet access would be in these high
8 incidence, high density areas. So perhaps maybe a more
9 efficient way might be targeting those community leaders
10 that you're trying to target in these areas. Again,
11 Greenlining can help you do that as well.

12 MS. SEVIER: Thank you.

13 MR. KANG: But I can defer that in terms of --

14 MS. SEVIER: Recently, the utilities have
15 implemented on-line enrollment for CARE and that has
16 been fairly surprisingly successful. So, FYI.

17 MR. KANG: Perhaps as a supplement to targeting
18 specific community leaders who might help in that
19 communication.

20 ALJ THOMAS: I think the KEMA report which is
21 based on some pretty old data showed 50 percent
22 computer -- I don't know about usage, but computer
23 presence in the home of low income customer-based
24 survey. Whether that survey sample was big enough,
25 et cetera, but it's still far below where it is in
26 the non-low-income population obviously. But it's
27 not -- it's 50 percent and not 5 percent which I was
28 heartened to see, although it needs to be much higher.

1 MR. KANG: If you don't see the results that you
2 like, Greenlining can help you target those leads to
3 disseminate the information.

4 And finally, your suggestion of deploying
5 mobile energy units in high incidence, high density
6 areas, it may be worthwhile to do the same thing that
7 you were looking at for rural communities in that you're
8 trying to target community events. There's plenty of
9 community events where you get a lot of foot traffic in
10 the areas. So you may not have to waste your time just
11 sitting there, but having an audience already drawn to
12 you.

13 MS. SEVIER: Like at a county fair, for instance.

14 MR. KANG: Yes. Or the Gay Pride fair or Gay
15 Pride community events which we draws hundreds of
16 thousands of people. So, just a suggestion.

17 MS. SEVIER: Thank you. Appreciate your comments.
18 Mr. Parkhill.

19 ALJ THOMAS: We have not heard from you so let's
20 let you jump in.

21 MR. GARCIA: Ron Garcia, Reliable Energy. Thank
22 you.

23 In going back and seeing what you have here
24 for customers programs and stuff, but prior to the
25 conversation you started here you talked about looking
26 at neighborhoods and bringing it down into smaller
27 segments, in segmentation, I was glad to hear PG&E had
28 done it in the past. As a contractor for SoCalGas, I

1 was glad that SoCalGas did it as well as SoCal Edison,
2 they have also done that in the past.

3 Just keep in mind that when you talk about
4 doing those types of programs, whether it be
5 automatically income qualified if you're within a Zip 7
6 area, remember that we're still there as a contractor,
7 and the biggest burden is getting there. The less --
8 then the least burdened is the installation of measures.
9 And while you're there, think of the cost savings that
10 you will do if you do all feasible measures in
11 the moment.

12 Okay, so if you're looking at the shotgun
13 approach where we have to go -- and even as contractors
14 we don't do that, but we have certain outreach people
15 that work certain areas. So they themselves, whether
16 they're canvassing, door to door knocking, they are
17 within the targeted area. It might be that we have 30
18 different outreach folks working in 30 different areas,
19 but we try to canvass specific targeted areas because
20 it's more cost effective to do it that way.

21 But if you're going to narrow it down to Zip 7
22 block areas, don't look at just doing measures based on
23 usage. Look at doing measures based on what the home
24 needs and all feasible measures because you are already
25 there and you're blocking it down to specific block
26 areas and service what needs to be serviced and take
27 care of all feasible measures at one time.

28 ALJ THOMAS: Thank you.

1 MS. SEVIER: Would you like to step up to the
2 microphone.

3 MR. JULIAN: Bill Julian for AARP.

4 ALJ THOMAS: Welcome. Long time no see.

5 MR. JULIAN: It has been a while.

6 I've got a question and then possibly
7 a comment.

8 Housing type, does that refer to single
9 family, multifamily?

10 ALJ THOMAS: And mobile home. Rental versus
11 owned. So some of these are duplicative. We took
12 everything.

13 MR. JULIAN: Rent and own is a category that
14 you've got. Multifamily, single family is probably an
15 important desideratum, and so is age or vintage of the
16 housing stock.

17 And my comment would be that I think if you
18 include aspects of the housing stock both vintage and
19 single family, multifamily, you're looking at a fairly
20 granular analysis of the neighborhood you want to
21 target, which is a good thing. But it seems like an
22 arbitrary limitation on the program and the program's
23 effectiveness to do a granular analysis for targeting
24 but not to include that granularity in the measures that
25 you approve.

26 And that's probably a different way of saying
27 the same thing several people have said, that the whole
28 house approach or some variation of the whole house

1 approach is going to respond to your attempt to do an
2 analysis.

3 What we, and I think the judge, Judge Thomas,
4 you made it very clear that you want the focus to be on
5 application of measures. But by making sort of an
6 arbitrary limitation on the kinds of measures that you
7 would approve in a targeted neighborhood in which
8 the targeting is in part based on housing stock
9 characteristics, some of which you've got, some of which
10 I think you need to add, you're making a very
11 significant strategic mistake in the three-year program
12 cycle.

13 If you were just talking about a one-year
14 program cycle with an opportunity to recalibrate, that
15 arbitrary limitation might make sense. But in
16 a three-year program cycle, if you omit those measures
17 which you have identified through your granular
18 analysis, you have a significant lost conservation or
19 lost conservation opportunity.

20 So I just wanted to make that comment.

21 ALJ THOMAS: Two questions for you before you go
22 on.

23 Which types are omitted from that list?

24 This was just a list of what the utilities
25 proposed.

26 And second, you may not have been here,
27 Mr. Julian, but we are -- within the scope of this
28 proceeding is a consideration of whether we should have

1 a midcourse correction or midcourse check-in for
2 purposes of recalibration of things that aren't working.

3 MR. JULIAN: I was here. I did hear that.

4 Midcourse, I've seen enough midcourse
5 corrections or midcourse correction commitments to know
6 that it's kind of an ambiguous commitment.

7 The elements that are omitted I think might be
8 included in housing type but they would be specifically
9 vintage of housing stock, single family, multifamily;
10 and then what you already got there, renters versus
11 owners or a proportion of renters is also important.

12 MS. SEVIER: Thank you.

13 Additional comments?

14 Oh, Mr. Lehman from DRA.

15 MR. LEHMAN: Hi. I'm Robert Lehman from DRA.

16 And I think there's one bullet point that
17 seems to be missing that got brought up in previous
18 workshops over the last year. It's the consideration
19 that in a sense what LIEE is doing is making the long
20 term investment in low income housing stock around
21 the state rather than just treating particular
22 households and the particular people who live in them at
23 the time that somebody knocks on the door.

24 And so what I think should be maybe added as
25 a bullet point is whether the housing that's being
26 targeted -- and this goes for the neighborhood scope
27 targeting as well -- is likely to stay in the low income
28 housing stock of the state, and not just get improved

1 and then moved into the higher income status.

2 And one of the issues in the previous
3 workshops, people have talked about the very high
4 turnover of low income households, especially in
5 the renter community but also in among homeowners. And
6 this is when you look at targeting high tiers or low
7 tiers, there may be people rotating in and out of
8 particular houses at particular addresses, who may be
9 high tier at one point and then the next tenant is low
10 tier because of consumption matters. They may be
11 consistently high tier because the house itself is very
12 energy inefficient and needs treatment.

13 So I think a lot of those, the tiering and the
14 segmentation really needs to consider the long term
15 implications for how the state's housing stock, low
16 income housing stock is going to stay that way and get
17 treated.

18 MS. SEVIER: Thank you.

19 ALJ THOMAS: And there was less emphasis in this
20 past December '07 decision for this program on zero net
21 energy and the long term housing stock. There's
22 certainly a lot of emphasis on that issue in
23 the strategic plan, including on low income housing.

24 So I think that is a longer term issue but
25 I also agree with you that it is an important issue.

26 Mr. Parkhill has had his hand up for a very
27 long time. Thank you for your patience. We can take
28 one question from you.

1 And then I see, ma'am, that you have a
2 question. And then we'll need to move to the next
3 segment.

4 MR. PARKHILL: I just wanted to state that Edison
5 still supports climate zones as being part of the
6 segmentation strategy. The extreme climate areas in
7 Edison's service territory, it's filled with customers
8 who experience many of these characteristics of energy
9 use, energy burden, energy insecurity. So we continue
10 to support climate zones as being a big part of
11 the segmentation strategy.

12 MS. SEVIER: Thank you.

13 MS. PEREZ: Thank you. My name is Louise Perez.
14 I'm the executive director for the Community Resource
15 Project. My comments today is really more an issue of
16 observation given the segmentation list that you have up
17 there.

18 I just want to put for the record just
19 a reminder to everybody as you look at energy usage, if
20 you recall the last heat wave that we had, not this
21 year, but the last one, I think was it last year or
22 the year before, there was 29 deaths in Sacramento. Of
23 those 29 deaths -- I'm sorry. Yeah. There was 29
24 deaths. Of the 29 deaths, there were 11 that were
25 consumers that did not want to use their utilities
26 because they couldn't afford them and consequently they
27 died. And that was documented and it was raised in
28 the newspaper.

1 Consequently during the winter time, we have
2 similar stories where people have used alternative
3 sources of fuel in order -- like carbon -- coals, for
4 example, in their fireplaces, because they feel that
5 it's more affordable. These are the kinds of stories
6 that we don't want to see in our headlines given
7 the program that we've designed.

8 So I would just like to remind everybody that
9 we have to be very careful about how we design this
10 program particularly for people of low income, because
11 they do look and seek other alternatives simply because
12 they can't afford their utilities.]

13 MS. SEVIER: Now, do you think energy burden or
14 energy insecurity or climate zones.

15 MS. PEREZ: Well, this is really more an issue of
16 energy usage.

17 A lot of them just don't want to use it
18 because they can't afford it, and it will be -- and you
19 need to understand, there are statistics and studies out
20 there -- and I can certainly bring several studies to
21 mind, but one was based on energy usage. What we have
22 found is that that is the one single most -- that is the
23 single most important issue for low-income communities
24 that will oust a family out of their home is that they
25 can't afford it. They are either making a decision to
26 pay their utilities or make their rent. And there has
27 been study after study after study that has indicated
28 that that's the most single important issue for

1 families, particularly families of low-income.

2 And there are studies that back it up both
3 from an educational perspective as well as from -- of
4 situations from families in networks like ourselves that
5 keep track of these kinds of information.

6 ALJ THOMAS: I'm just going to make three very
7 quick points.

8 One is the KEMA study indicated that the
9 Central Valley is a very large segment of un- -- un- --
10 had a large number of underserved LIEE customers.

11 Two, Sacramento itself is complicated because
12 it's a municipal utility. That's where leveraging has
13 to come in. The utility in the surrounding area has to
14 leverage with the municipal utility to serve customers.

15 And I've already forgotten the third one, but
16 I really appreciate all of your participation.

17 I have taken a lot of notes; I've learned a
18 lot; and I hope that you follow on this discussion in
19 your comments on August 1st to the extent that you
20 weren't able to say or point out things that you need us
21 to know.

22 So, thank you.

23 And then we're going to now turn immediately
24 to Ava Tran who is going to talk about the costs of
25 energy savings.

26 And just as a preface to that issue: we
27 looked at the utility Applications, we saw significant
28 budget increases, and in some cases we didn't see

1 concomitant increases in energy savings, so we asked the
2 utilities a lot of questions about that. And Ava is
3 going to talk and ask you some more questions and ask
4 for some input about that issue.

5 Take it away, Ava.

6 MR. OLSON: I will load it up.

7 ALJ THOMAS: Off the record.

8 (Off the record)

9 MS. TRAN: We are going to go back on the record.

10 Good morning.

11 My name is Ava Tran. I am with the Energy
12 Division.

13 And it's great to see everybody here.

14 There's a lot of new faces.

15 I am relatively new to the Commission so I am
16 really excited about working with all the IOUs on this
17 initiative.

18 This segment topic is going to be the costs of
19 basically the -- the energy savings that we've been
20 seeing that's being proposed by the utilities relative
21 to the overall increase in budget.

22 And I want to preface this discussion --

23 SPEAKER PHONE VOICE: Pardon the interruption.

24 Your conference contains less than three --

25 MR. OLSON: Off the record.

26 (Off the record)

27 MS. TRAN: Let's go back on the record.

28 As I was saying -- sorry about the phone

1 conversation -- but, as I was saying, today we will be
2 talking about the energy savings that we've been seeing
3 being within the Applications of the IOUs relative to
4 the budget increases that the IOUs are proposing.

5 And let me preface this by saying that we are
6 not going to be talking about how the energy savings are
7 calculated, we're not talking about the E3 calculator,
8 we're not talking about the GRC or the market-
9 participant ratios, and we will not be talking about the
10 nonenergy benefits; what we will be looking at today is
11 purely what we see in the Applications on all of these
12 datas, all of these charts that you will be seeing today
13 is what the IOUs have submitted and our analysis of it.

14 So we will be looking just at the energy
15 savings that the IOUs have put in their Applications
16 relative to the overall program budget as well as
17 looking at it on a further detailed level by measure.

18 So we will also be looking at the energy
19 savings on a measure level relative to the costs of
20 delivering that measure.

21 So the first one -- and -- and the overall
22 goal of this section will be to develop some ideas and
23 have a good discussion around how the IOUs can achieve
24 greater energy savings at a lower cost.

25 So the first graphic you see here -- it is
26 based on information we've received from the IOU
27 Application -- I believe it is Attachment A-2 of some
28 sort -- and what the Energy Division has done is purely

1 look at it on a percentage level, looking at the
2 increases over the program years of the budget and
3 comparing that to the relative increase in energy
4 savings, both on the therm and on the kilowatt-hour
5 basis.

6 And, as you can see -- just looking at PG&E as
7 the first example, as you can see, we can see an overall
8 increase in budget relative to 2008 authorized numbers
9 of 45 percent for 2009; 96 percent for 2010; and 103
10 percent for 2011 whereas when we compare that to the
11 increase in energy savings it's not completely one-to-
12 one.

13 And that is the same -- that is the same
14 result for SDG&E, SoCalGas, and Southern California
15 Edison.

16 So -- and the reason for this graph is really
17 to take a look at and discuss why we see budget
18 increases and why they're not proportional to the
19 energy-savings increases which we expect to see.

20 And DRA as well has done their own
21 calculation, as you can see up on the chart, where the
22 cost per unit of energy saved is going -- should be
23 going down whereas they are going up.

24 The next few graphs you will be looking at is
25 by IOU, and these are also graphs that were submitted
26 into this proceeding. And what we're looking at -- and
27 I want to put these two charts side-by-side because the
28 previous graphs that we looked at was looking at the

1 increases on an overall budget level whereas now we'll
2 be taking a look at it on a measure group level.

3 And, you know, comparing these two, we are
4 looking at, on the -- on your left-hand side we're
5 looking at the different categories of measure -- the
6 measure groups by their costs proposed in their
7 application.

8 And on the right-hand side you'll be looking
9 at the megawatt reduction on a measure group.

10 And you can see -- we can just take -- we can
11 take refrigeration as an example.

12 For PG&E's portfolio refrigeration is
13 accounting for approximately 30 percent of the portfolio
14 in terms of costs.

15 ALJ THOMAS: (Indicating)

16 MS. TRAN: And then on the right-hand side you can
17 see that refrigeration is accounting for approximately
18 42 percent of their energy savings on a portfolio basis;
19 and that is something that we want to look at.

20 ALJ THOMAS: 52.

21 A VOICE: Is it 42 or 52?

22 ALJ THOMAS: 52.

23 MS. TRAN: Sorry. 52.

24 52 percent.

25 ALJ THOMAS: By the way, these -- in color -- if
26 you need these in color, they came in response -- in the
27 utilities' response to the Commissioner's Assigned
28 Commissioner Ruling which came out earlier this year.

1 So if you need the color -- we tried to save
2 trees a little bit by not giving you color copies.

3 MS. TRAN: And then, you know, maybe a better
4 comparison might be looking at the Infiltration and
5 Space Conditioning where it accounts for approximately
6 30 percent of the portfolio's cost yet only yields about
7 1 percent in energy savings.

8 ALJ THOMAS: (Indicating)

9 MS. TRAN: So those are the type of questions that
10 we -- it's the type of discussion we'd like to facili-
11 tate here, to kind of look at what these measures --
12 what these specific measures cost relative to the energy
13 savings and benefits that they yield.

14 ALJ THOMAS: I feel like Carol Merrill
15 (indicating).

16 MS. TRAN: We can go on --

17 ALJ THOMAS: I just completely dated myself.
18 (Laughter)

19 ALJ THOMAS: Carol Merrill is the person who shows
20 all the --

21 (Laughter)

22 MS. TRAN: And the next three or four slides
23 are -- it's -- it's a similar analysis looking at
24 San Diego's portfolio.

25 And, here again, we look at Infiltration and
26 Space Conditioning accounting for 16 percent of the
27 portfolio costs --

28 ALJ THOMAS: (Indicating)

1 MS. TRAN: -- whereas yielding only 1 percent of
2 their energy savings.

3 And the same with Southern California Edison;
4 and the same with SoCalGas.

5 And we didn't see -- I'm sorry. We didn't
6 receive a second graph for San Diego, but this is their
7 portfolio based on -- their portfolio costs based on
8 measures.

9 ALJ THOMAS: Did we not get it?

10 MS. TRAN: We did not get it.

11 ALJ THOMAS: Okay. Who is the representative for
12 SoCalGas here?

13 MR. HOBBS: (Indicating)

14 ALJ THOMAS: Could we get the second graph?

15 This is taken directly from your submission,
16 so if it's not there, we didn't get it.

17 MR. HOBBS: Okay.

18 ALJ THOMAS: Thank you.

19 And that was Mr. Hoff -- Huff --

20 MR. HOBBS: Hobbs.

21 ALJ THOMAS: -- Hobbs. Okay. I had the right
22 letter.

23 Thank you.

24 MS. TRAN: And the next couple of graphs that you
25 see is actually -- it's -- again it's based on the
26 information we received in the Applications, and what we
27 did was we looked strictly at the -- the overall budget
28 that has been allocated to each measure, and then we

1 looked at their expected energy savings.

2 And we did a quick cost/benefit analysis to
3 determine what their savings on a megawatt or therm
4 level is relative to the cost of that measure, and then
5 we prioritized them.

6 So on the top -- it's listed -- it's priori-
7 tized based on what we deem or what's been calculated to
8 be most cost-effective to what's been calculated to
9 least cost-effective.

10 And you'll see their cost -- their savings by
11 costs in the first two columns, and then in the third
12 column we'll look at the percentage of the budget.

13 So, for example, on the first graph we have
14 PG&E. It looks like the occupancy sensors yield the
15 most savings per dollar budgeted for that measure, and
16 it accounts for approximately .47 percent of the budget
17 whereas if we look at refrigerators that account for --
18 that are maybe fifth in line of what their savings are
19 for that cost, and they account for approximately 29
20 percent of the budget.

21 And we've done the same type of calculation
22 for the other IOUs, going onto SDG&E and SoCalGas and
23 Southern California Edison.

24 And, you know, this may be something that we
25 can talk about, is when we went through and prioritized
26 these measures, they did not all come out to be the same
27 ranking for every IOU.

28 Like for some of the IOUs PG&E had occupancy

1 censors whereas SDG&E had these LED night lights that
2 provided the most energy savings.

3 I'm not sure if that's something that we want
4 to get into because there might be some issues around
5 the costs that -- the way that they derive their costs
6 for that specific measure.

7 But it was an observation we made whereas the
8 list of priority measures were not the same across the
9 IOUs. So --

10 MR. LEHMAN: A question?

11 MS. TRAN: Yes?

12 ALJ THOMAS: If you have a question, why don't you
13 step forward to one of the mikes, please, and identify
14 yourself.

15 MR. LEHMAN: Robert Lehman, DRA.

16 Those projections are all based on each
17 utility's projections for expenditures per measure;
18 right?

19 So --

20 MS. TRAN: That's correct.

21 MR. LEHMAN: -- they are all going to be
22 different, and they are all forecasts, and they're
23 all -- but they're on a -- on a basis, either?

24 MS. TRAN: No. They -- they are all forecasts for
25 years 2009 to 2011.

26 Although the 2008 numbers -- that was provided
27 in the Applications, so maybe the IOUs can speak to
28 this, but the 2008 numbers are also based on

1 projections.

2 Is that correct?

3 ALJ THOMAS: Well, why don't you keep -- go
4 through your presentation, and we can talk.

5 The data are --

6 MS. TRAN: Okay.

7 ALJ THOMAS: -- going to -- by necessity, are
8 going to be complicated.

9 We've asked somebody on our EE team to help us
10 run some numbers through the E3 calculator just so we
11 understand what's currently being done on the EE side.

12 And there are so many variables that can go
13 into these calculations.

14 But I think as the general point is there,
15 that the budgets are increasing, and we don't see a
16 concomitant increase in energy savings; and what we're
17 trying to focus on is where can we cut high-expense
18 load-saving measures like education and -- and -- or
19 areas where the market has already been transformed,
20 like CFLs, as the strategic plan says, and what can we
21 substitute in its place and get the biggest bang for the
22 buck and also concomitantly the greatest increase in
23 comfort, savings, safety, et cetera.

24 MS. TRAN: Right.

25 ALJ THOMAS: So that's the point of this segment
26 of the workshop. Okay.

27 MS. TRAN: Well, and all those graphs that -- that
28 we have seen prior to this -- I mean, I think that they

1 are great, but we don't want focus necessarily on the
2 numbers specifically; we want to just focus on the
3 general gist of what we've concluded from the data
4 analysis.

5 And that leads us into the discussion topics
6 that I would like to talk about today during this -- the
7 remaining 45 minutes that we have and, you know, that --
8 and what we really want to do is facilitate some
9 discussion with IOUs and some of the other organizations
10 here to give us some better ideas on how we can yield
11 greater energy savings per dollar expense or per dollar
12 requested by the IOUs, and maybe raise some questions on
13 whether or not the IOUs take those -- these measurements
14 into account when they are delivering or proposing these
15 individual measures.

16 The Expected util- -- the EULs of each
17 measure --

18 ALJ THOMAS: Useful life.

19 MS. TRAN: -- Useful Life of each measure us taken
20 into account when calculating the expected energy
21 savings of each measure.

22 Whether there is a preference of these
23 measures when we're going in to deliver them for some of
24 these homes.

25 And, as Judge Thomas was saying earlier, areas
26 that we can cut that seemed quite costly yet yield
27 little or no energy savings is -- is there ways for --
28 are there ideas around where -- areas we can cut and

1 where we should put those dollars.

2 So --

3 ALJ THOMAS: And I want to be clear about
4 education. I -- I believe -- you know, education is my
5 top priority in life for society.

6 But to the extent we're educating people today
7 how to use smart meters that they're not going to get
8 for three years or we're educating people today about
9 how to cut greenhouse gases when they have noth- -- no
10 measure in their home that enables them to actually
11 follow through, but we're just having -- I mean, I'll
12 bet you this room is the most educated group in the
13 building today about energy efficiency --

14 (Laughter)

15 ALJ THOMAS: -- and yet how many of us have
16 completely energy-efficient lives, homes, et cetera.

17 Education that's not followed up by immediate
18 installation of measures, to me, is -- is not a good use
19 of resources.

20 MS. TRAN: And the next --

21 ALJ THOMAS: That's what we're talking about when
22 we're talking about cutting education.

23 MS. TRAN: In the next slide you'll see we just
24 looked at the education budgets that are being proposed
25 for this Application, for 2009 through 2011, relative to
26 what we've authorized for year 2008, and how we can see
27 there's been -- there are huge increases in the
28 education budget.

1 And I think what Judge Thomas is getting at
2 is, if we're going to have these increases -- huge
3 increases in the education budgets, should that be
4 proportionate to the savings that we see on the energy
5 side.

6 We'll go back a slide.

7 So right now I actually would like to open it
8 up to more of a discussion with IOUs around, you know,
9 thoughts on -- and I know DRA had some comments in
10 their -- in -- well, had some ideas in their comments as
11 well in terms of the energy savings and relative to the
12 costs that we've been seeing.

13 ALJ THOMAS: Questions? Comments?

14 MS. BROWN: Susan Brown, A.W.I.S.H.

15 Am I missing something, or why is there such a
16 difference between the savings per measure between the
17 different utilities?

18 ALJ THOMAS: We've asked the utilities that
19 question. I think it was in the last ruling, the one
20 that went out yesterday from me --

21 A VOICE: Could you repeat the question, please?

22 ALJ THOMAS: The question was why are we seeing
23 such different energy savings and costs per measure
24 across the different utilities.

25 And we've put out some data requests to ask
26 them. I mean, I suspect we'll get some explanation that
27 factors in some of the overhead costs, maybe who they
28 get -- where they get the equipment from, the measure

1 from, the manufacturer's cost.

2 But I agree with you that that's a very good
3 question, and we need to understand that better.

4 MS. BROWN: Thank you.

5 ALJ THOMAS: Anything else, Ms. Brown?

6 MS. BROWN: No. Thank you.

7 ALJ THOMAS: I'd really love to hear from the
8 utilities about their response, reactions to what
9 Ms. Tran has presented.

10 Mr. Fasana, welcome.

11 State your name for the record.

12 MR. FASANA: Yes. Thank you.

13 John Fasana, Southern California Edison.

14 And just from looking over the data briefly, a
15 couple of things come to mind.

16 And frankly they'll require more analysis from
17 us, too, in terms of responding to the data requests.

18 One being is that there is a substantial
19 change in terms of impact evaluations that were used for
20 this Application cycle.

21 So really going back and looking at the 2008
22 savings that we showed in the Applications and trying to
23 really equalize those would be part of the answer, I
24 think, in terms of why the changes have occurred.

25 And certainly for SCE that made a big change
26 on our demand estimates.

27 In terms of education, I think we've already
28 mentioned -- and that's already been discussed -- based

1 on the ME&O discussions that we felt had occurred during
2 the strategic plan, we did forge out in a direction, and
3 we may have missed the mark -- that's something we'll
4 find out over time -- but certainly a more intense
5 education effort had been anticipated.

6 We will look to the other utilities'
7 Applications and try and compare the actual data that is
8 in there. And in terms of your data requests, we will
9 try and respond in that sense.

10 The last thing I'd just mention, and, you
11 know, it's not a huge amount, but the kilowatt-hour,
12 even given the M&E issues, is still a kilowatt-hour, but
13 a dollar today seems to be declining more rapidly than
14 recently, so there are costs increases for obtaining
15 these savings as well.

16 ALJ THOMAS: Although I have to say DRA did an
17 analysis of inflation and whether the inflation
18 accounted for a significant portion of the difference in
19 the cost-to-benefit -- or cost-to-savings ratio and
20 found -- and I haven't verified its numbers -- but found
21 that insulation only accounts for some of this -- the
22 significance costs per saving increases.

23 MR. FASANA: And it would help us, moving forward,
24 if we could have access to the DRA analysis, we'd be
25 glad to look at that as well and try to --

26 ALJ THOMAS: It -- I think it was submitted with
27 the Protest.

28 You might want to get the -- DRA, why don't

1 you just on your own get them the underlying work-
2 papers --

3 MS. WATTS-ZAGHA: (Nodding head)

4 ALJ THOMAS: -- that deal with that issue.

5 These were your responses to the second ALJ
6 ruling asking for data.

7 MS. WATTS-ZAGHA: We're always happy to share our
8 workpapers.

9 ALJ THOMAS: Thank you. I appreciate that.

10 I guess the other thing I would say to all
11 three of the large utilities or all four is would you
12 talk to each other before you submit your responses
13 because to the extent there are differences that you
14 don't understand across each other, and you can explain
15 them to me -- if I get a response from PG&E that it
16 doesn't understand why its numbers differ from SDG&E,
17 it's difficult to figure out, then put all those answers
18 together.

19 If you would talk to each other and provide a
20 joint response or at least individual responses that
21 incorporate what you learned from each other, that would
22 be helpful.

23 MR. FASANA: We'd be willing to work on that.

24 One other thing we want to point out, when you
25 look in the aggregate, I think the measure mix,
26 certainly for SCE, has changed moving forward.

27 We have emphasized air-conditioners -- central
28 A/C's replacements more in the more extreme climate

1 zones; again durable savings dealing with customers that
2 have high energy burden and energy insecurity, and from
3 health, safety, and comfort as well, and the depth of
4 peak-demand issues.

5 But in terms of first-year energy savings,
6 they're not real significant given the costs involved;
7 they are very costly measures to put forward. So as you
8 look at the mix of measures going forward, that is an
9 issue as well in terms of the overall costs increasing
10 versus the first-year savings that you'll achieve out of
11 the portfolio.

12 ALJ THOMAS: Ms. Tran?

13 MS. TRAN: I'm sorry. Are you saying that, based
14 on this -- the measures, you guys are actually taking
15 into account the cost of each measure and how many you
16 would be proposing to deliver?

17 MR. FASANA: What I'm saying is that some of the
18 measures that we are proposing this time are much more
19 costly for the given first-year energy saving you'll
20 receive, such as some of our cooling measures and the
21 central air-conditioner replacements, compared to, for
22 example, CFLs and refrigerators, which will provide more
23 savings per dollar invested to place the measure into
24 the home.

25 MS. TRAN: So the more costly measures are
26 actually having a longer-term energy savings?

27 MR. FASANA: In some cases they do, but they are
28 significantly more costly.

1 ALJ THOMAS: If -- if we asked -- and maybe we can
2 do it with our own data, so I'm speaking a little out of
3 school here, but if we were to ask each of the utilities
4 to give us a list of long-term and enduring measures
5 that would sub- -- if we were to remove any money from
6 the existing budget requests and substitute in measures
7 that provide the greatest bang for the buck in terms of
8 cost-effectiv- -- not cost-effectiveness in the energy-
9 efficiency side but costs per unit of energy saved,
10 reduced -- you know, taking into account the different
11 useful lives of each measure, so that you're comparing
12 apples to apples -- if we were to ask you to -- each of
13 you to give us a list of the measures that would best
14 substitute and provide the greatest level of long-term
15 and enduring savings, is that something that you could
16 do fairly quickly, or is that something we can do from
17 our existing data?

18 MR. FASANA: You know, it's something we can talk
19 among the utilities and see where we go.

20 I mean, in some respects, I think, as you look
21 at lifecycle savings and compared to first-year savings,
22 you're almost sitting back -- you end up going back to
23 that net present value of those resource benefits that
24 go into the cost-effectiveness equation, so I need to
25 think that through more carefully.

26 But I think in some respects you do come back
27 to cost-effectiveness through resource benefits as being
28 kind of the equalizer of how you save a stream of

1 kilowatt-hours over a period of time and bring it back
2 to a -- some type of present-value calculation, and then
3 compare that to the costs of the measure.

4 ALJ THOMAS: Let's go off the record.

5 (Off the record)]

6 ALJ THOMAS: We'll be on the record.

7 We've had a very long discussion of how to
8 determine the value in terms of energy saving per dollar
9 spent of various long term and enduring measures.

10 My ruling of yesterday asked the utilities to
11 actually give me more data about that, and I've ordered
12 the utilities, each of them to meet at least once with
13 or to speak at least once with Ms. Tran. Anyone else
14 that wants to be on the call can be. So Ms. Tran will
15 put the word out before those data responses are due so
16 that what we need is what we're getting from the
17 utilities.

18 Ms. Watts-Zagha has also agreed to turn over
19 any workpapers regarding the inflation savings that DRA
20 calculated. And those were the two items that I wanted
21 to make sure people follow through with.

22 Are there any points that any one made today
23 that you feel absolutely need to be on the record
24 because you want to make sure that the group of us
25 considers them or the group here is aware of them, and
26 again, points that you've already made that you believe
27 need to be on the record?

28 MR. FASANA: Just again, as we move forward with

1 this in the next nine days is we will try and consider
2 what to do with the '08 savings to really try and
3 provide a better context of what the impact evaluation
4 adjustments may mean in terms of where we were versus
5 where we've gone.

6 THE REPORTER: What's your name, sir?

7 MR. FASANA: John Fasana, Southern California
8 Edison.

9 MS. TRAN: Sir, did you have?]

10 MR. LEHMAN: Robert Lehman from DRA.

11 I just wanted to get a sense from the IOU
12 representatives who were here about whether it would be
13 easy enough to do to have a common method going in for
14 the next three years of reporting on how the up front
15 costs are amortized and that there be a consistent
16 method across all the utilities for reporting
17 the measure costs so that we can, three years from now,
18 be able to do some analysis about what are the climate
19 difference impacts and what are the housing stock
20 difference impacts, and be able to analyze those more
21 easily without all the methodological problems getting
22 in the way.

23 MS. TRAN: Would the IOUs confirm that we are
24 using the same methodology, it's the E3 calculator for
25 the A2 and A7, A8 attachments you guys provided?

26 UNIDENTIFIED SPEAKERS: Yes.

27 MS. GETTIG: The E3 calculator is not used for
28 attachment A2. That is only used --

1 ALJ THOMAS: 6 and 7.

2 MS. GETTIG: -- cost effectiveness results.

3 MS. TRAN: For 6 and 7.

4 ALJ THOMAS: I know that, for example, the useful
5 lives of certain measures like little bulbs have been
6 changed drastically since you gave us your numbers so
7 that the light bulb cost-effectiveness calculation will
8 change significantly because light bulb useful lives are
9 now three years rather than eight years, for example.

10 So we're working with some outdated data, but
11 we're trying not to get too bogged down in the data this
12 cycle because we know how quickly we have to turn around
13 a decision.

14 But light bulbs are less cost effective than
15 they used to be because the useful lives that were being
16 used in the past are now much shorter because they burn
17 out sooner than they're supposed to.

18 All right, anything else that absolutely needs
19 to be on this record before we have adjourn for lunch?

20 Sir, Mr. Karp.

21 MR. KARP: Michael Karp, AWISH.

22 I had brought up issues regarding cost
23 efficiency versus cost-effectiveness. I was told that
24 this issue was about cost-effectiveness but in fact it's
25 about cost of energy savings which is not about cost
26 effectiveness or evidently about cost efficiency. And
27 it's important to make those distinctions between the
28 terms used here.

1 I had brought up issues regarding
2 the interconnectedness of measures installed,
3 the relationship to each other, and the issue of first
4 costs of delivering measures and the risk of repeating
5 those costs again in the future for stranded measures
6 that were not done at that point, and lastly, had
7 brought up the -- consequently the cost of trying to
8 forecast 25 years out over the life of a measure, and
9 the consequence to those households and to society if
10 we're guessing wrong or too conservatively. Thank you.

11 ALJ THOMAS: Thank you. Good points.

12 Yes, Ms. Watts-Zagha.

13 MS. WATTS-ZAGHA: I'll just repeat DRA's belief
14 that we're undervaluing the impacts of energy by not
15 using the most updated value that a rigorous and
16 targeted evaluation will help us know this for whatever
17 kind of mid cycle correction we do, and what Robert
18 Lehman also mentioned from DRA that consistent tracking
19 and clear tracking going forward and reporting will
20 assist us in this.

21 And finally --

22 ALJ THOMAS: If the parties want to work on their
23 own toward reaching agreement about this kind of
24 consistency, I encourage it. As I say I'll offer again
25 our ADR program if you think a facilitated discussion by
26 a judge not involved in this case would be helpful. But
27 I know you're short of time, but do I think that
28 a discussion about that kind of consistency would be

1 productive. So I urge you, DRA, to try to convene some
2 sort of discussion among yourselves and the utilities.

3 MS. WATTS-ZAGHA: Thank you. And the last point
4 is that if the value of energy, if it's cheaper to save
5 energy today than three years from now, we should serve
6 more homes today.

7 ALJ THOMAS: That's certainly the goal with the
8 long term strategic plan in place. And this first three
9 years is the first three years to start this new world
10 of delivering LIEE services as well as energy efficiency
11 services.

12 Yes?

13 MS. GETTIG: I don't --

14 ALJ THOMAS: State your name for the record,
15 please.

16 MS. GETTIG: Brenda Gettig with SDG&E.

17 I do not understand your point about us not
18 using the most updated impacts. The most recent impact
19 evaluation was just completed December of last year and
20 all of the utilities used those impacts.

21 MS. WATTS-ZAGHA: I don't mean the IOUs didn't use
22 the most updated impacts as they were directed to. But
23 to the extent that the avoided cost is higher in
24 a different proceeding in the Commission than LIEE cost,
25 it's just a shame because it makes LIEE look less
26 valuable because they're just using different numbers.

27 And so not to get bogged down in the data and
28 in the interest of moving forward, I understand it. But

1 Mr. Karp's point of effectiveness, efficiency and
2 measures, we just need to adequately value. And this is
3 also about NEBs. I think we need to adequately value
4 what we're doing.

5 I think the data that you've been directed to
6 use and have available to use and we all have available
7 to analyze undervalues those programs.

8 That's all I meant by that. I didn't mean it
9 directed that they're not using the proper thing. It's
10 not either available or they haven't been directed to
11 use the most current and higher value avoided costs.

12 ALJ THOMAS: All right. On that note, we will
13 break for lunch. We'll be back here at 1:30. Please be
14 right on time because we'll start right at 1:30.

15 Off the record.

16 (Whereupon, at the hour of
17 12:30 p.m., a recess was taken until
1:30 p.m.)]

18 * * * * *

1 AFTERNOON SESSION - 1:30 P.M.

2 * * * * *

3 ALJ THOMAS: We'll be on the record.

4 This is the afternoon session on the workshop
5 on low income energy efficiency and CARE budget
6 applications of the larger IOUs for 2009 to 2011.

7 Our next agenda item relates to pilots and
8 I would add generally new measures, and what we can do
9 to ensure that we assess pilots and new measures
10 appropriately so that if we determine that they should
11 continue, we've done that on the basis of good data.

12 DRA raised this issue, so most of our
13 presentation -- and I'll turn it over to Dan Olson from
14 the Energy Division in the moment -- is going to consist
15 of some questions from the utilities. So I'd like
16 a representative from each large IOU to step forward who
17 is most familiar with the pilots and new measures.

18 Off the record.

19 (Off the record)

20 ALJ THOMAS: We'll be on the record. Take it
21 away, Dan.

22 MR. OLSON: Ava, if you can forward to the next
23 slide.

24 Some of you asked before the break to have
25 paper copies of this afternoon's and actually this
26 morning's presentations. I wasn't able to get any more.
27 The copier's not the most user-friendly thing and
28 I didn't want to staple my fingers together and eat and

1 try to do all that in an hour. So if you need anything
2 immediately after, this is my e-mail in big bold letters
3 so you can see it: do2@cpuc.ca.gov. Just let me know.
4 You don't need to write a big message. Just say "I need
5 the slides" or something like that.

6 So basically before I just go through this, I
7 wanted to just thank everyone from the utilities and
8 everyone who's been involved with the pilots at whatever
9 level. I think that there were a lot of interesting
10 ideas and I think everybody's going in the right
11 direction thinking outside the box and all that stuff.

12 The 2009 and 2011 budget applications
13 obviously, as we've been saying, are the new start to
14 sort of ramping up energy efficiency in California. And
15 I know this is under a limited time and we're trying to
16 do a lot in a short amount of time, but I don't think
17 it's beyond any of us to really work within that time
18 frame and try to strategize as far as pilot programs and
19 even new measures what are the best routes to take for
20 that.

21 And along with this, along with this ramping
22 up in 2009 to 2011, I think there's sort of a general
23 consensus that there will be greater accountability for
24 the pilots and for any new measures introduced.

25 So to start, in summary, the Decision
26 07-12-051 encouraged innovation in energy efficiency
27 programs for LIEE. Utilities proposed -- PG&E proposed
28 nine pilots totaling about 2.3 million. This didn't

1 include, as far as I can see, any hard numbers for
2 the City of San Jose pilot and the Smart AC pilot.

3 SCE did not have any pilots for this budget
4 cycle.

5 SoCalGas had one pilot at 725,000.

6 SDG&E had two pilots at 375,000.

7 So the total amount we're talking for pilots
8 in this budget cycle is at 3.42 million. And I do
9 believe PG&E is still working on some of its numbers for
10 pilots that may occur later in the cycle like 2010-2011.

11 Some of the general observations with pilot
12 programs, and this among the staff and just from what
13 some of the parties submitted in their comments, is that
14 in the past, there's been a lack of oversight and follow
15 through with pilots. And this is something that we want
16 to improve, not only with the utilities helping but also
17 even they Energy Division level. We want to do a better
18 job of making sure that these pilots are the best that
19 they can be.

20 It's sort of been difficult to envision
21 the appropriate budget details as far as when we get the
22 numbers utilities have been submitting, I do believe it
23 would be to our benefit to see a greater level of detail
24 in material costs, admin, and what they would like to
25 have for their evaluations budget. And also the process
26 after which you do a pilot and implement its results is
27 still unclear. I don't think there's a formal thing
28 going forward for that. And that's something we'll

1 probably talk about today.

2 I know one of the major comments made about
3 pilot programs was by DRA. They recommended that each
4 pilot proposed in the applications be required to submit
5 an accompanying evaluation plan before the pilot is
6 approved.

7 Now, in the third ruling that ALJ Thomas sent
8 out, most -- we didn't receive all your responses back
9 to that, but the questions she asked in that were Is
10 information produced in pilot LIEE programs and
11 implemented, and this -- sorry. I adjusted this
12 yesterday. Is the information produced in pilots and
13 also when you're suggesting new measures shared among
14 the IOUs, how are the pilots assessed?

15 ALJ THOMAS: Let me just clarify.

16 The third ruling that I sent out was actually
17 the -- it was called the ALJ Thomas Second Ruling
18 because there was an Assigned Commissioner Ruling in
19 there. So just change that to Second Ruling.

20 MR. OLSON: Yes. Sorry about that.

21 How are the pilots assessed? How are the
22 results of the pilots communicated to other parties?
23 And what information is used to determine if a pilot
24 should become a new program element or measure?

25 Next slide.

26 In general, the IOU responses, in summary,
27 were information produced in pilots and from new
28 measures is shared among the IOUs.

1 Pilots and new measure implementation is
2 mostly dependent on each individual IOU situation.

3 The purpose of pilots is to test feasibility
4 and savings of enough initiatives in a controlled manner
5 before full program implementation.

6 The key components of pilot evaluation include
7 energy savings achieved and costs of purchase and
8 installation.

9 And the IOUs expressed that they are open to
10 participation by interested parties in the CPUC during
11 any evaluation phase of pilot programs.

12 That was just the general. If you have any
13 others, feel free speak to them.

14 So moving on to today's goal, we want to try
15 focus the discussion on first just making sure we
16 understand the basics of pilot design and how you came
17 about what you're going to do.

18 I wanted to review the reporting requirements
19 and see if there's any new ideas about how we can be
20 more accountable in reports, whether that's the annual
21 reports or in subsequent budget applications or maybe
22 even individualized reports for pilots so we can get
23 a better understanding of what we've done.

24 Also discussing the evaluation process and the
25 criteria for measuring success.

26 And then also elaborating on the process for
27 inclusion of any discoveries that we make or any cost
28 effective or cost efficient discoveries we make in

1 future LIEE program efforts.

2 So at this point, I prepared slides to -- that
3 I have couple of questions, just as starters if we
4 wanted to but I'm sure you might have some.

5 But before we get into that if anybody wants
6 to speak about feelings they have about pilots, possibly
7 DRA or any of the parties from these applications.

8 MR. TISDALE: Sure. I'd be pleased to speak on
9 behalf of DRA.

10 This is Matthew Tisdale.

11 ALJ THOMAS: And include new measures to the
12 extent same arguments apply to new measures that aren't
13 being introduced in pilot form.

14 MR. TISDALE: Absolutely. I mean, the
15 relationship between pilots and new measures is a little
16 bit obscured here and that is really one of the
17 objectives that we hope to get into.

18 Overall, DRA just looking at, really pushing
19 for greater transparency with pilots and, as you state
20 in your slide, more follow-through.

21 DRA is increasing the number of resources it's
22 dedicating to this program and we're really looking
23 forward to following through on some of these pilots
24 programs in the future. We hope other parties will do
25 the same.

26 Examples of the type of transparency we're
27 looking for, in terms of what we should see with the
28 pilot plans before they go into action, we would hope

1 that there would be timelines: when they will begin,
2 when they will end, what will happen in between. We
3 would hope that they would be explanations of most costs
4 and proposed costs that may be associated with
5 the pilots. We hope that there would be ongoing --
6 excuse me, after the pilots are approved, we would hope
7 that there would be ongoing updates. Whether that goes
8 through low income quarterly meetings, through LIOB
9 meetings, we can talk about that, but ongoing updates on
10 the status of the pilots and what's happening. And in
11 addition, some sort of final report where we would
12 expect on the follow-through we would come back home and
13 we'd be able to see into this question of whether or not
14 the pilot has revealed the possibility of a new measure
15 or not.

16 I would also just point to the embedded energy
17 efficiency water pilot programs that I think most of you
18 guys are familiar with. DRA thinks this is an excellent
19 example of a pilot that had an evaluation plan in place
20 before the pilot began. And we really feel like that's
21 a very good first step in setting up these pilots for
22 success. And so we will go into more detail about parts
23 of that program which we would like to see reflected in
24 these pilots as parts of our brief. But we would
25 encourage those who are working on pilot designs,
26 especially the utilities, to go back and take a look at
27 the embedded energy efficiency and water pilot programs
28 as an example of how this can be done really well.

1 MR. OLSON: Thank you.

2 If we go into the first slide, these are some
3 starter questions via pilot design.

4 MS. TRAN: Sorry. First?

5 MR. OLSON: The slide -- sorry.

6 ALJ THOMAS: That's it.

7 MR. OLSON: This one.

8 Just as far as pilot design, I realize most,
9 all of the utilities have submitted their pilots in
10 these applications. And far as planning new ones,
11 that's not going to happen. But in terms of what we
12 might be discussing in a few slides which is reporting,
13 how should budgets be displayed in when you do submit
14 what we just received. All we see now is sort of a lump
15 sum from year to year, and I don't think that is enough
16 usually to decide whether we should go forward with
17 that.

18 I think what may happen is that we might ask
19 you to expand on it at some point. And also keeping in
20 mind in the reporting process that it would be really
21 critical.

22 And so another question would be, should there
23 be a timeline on -- Matthew brought that up -- and
24 benchmarks designated; and if so, what does that look
25 like.]

26 And also what would be the process for
27 introducing a pilot in mid cycle.

28 I'm not sure if we know that or if that's been

1 done before.

2 Or if someone comes up with a really good
3 pilot, does it have to wait until the next budget
4 application?

5 So that's sort of the first topic, and then
6 maybe we can devote 10 minutes to that?

7 ALJ THOMAS: And one of the things I was thinking
8 about was, to the extent that the pilots aren't ready
9 for prime time, we would not approve them in this
10 decision but rather require the utilities to file advice
11 letters with more detail -- Tier 2 or Tier 3 advice
12 letters with more detail about the pilots and what the
13 evaluation plan should look like.

14 So I know because we're under the gun timewise
15 it may well be that the way to deal with pilots that
16 just don't have enough detail -- budget detail or
17 evaluation detail associated with them is to simply not
18 approve them or approve them subject to advice letter
19 compliance, or something along those lines.

20 MR. OLSON: (Nodding head)

21 ALJ THOMAS: So we will be requiring more detail
22 from the utilities; the question is how much, what it
23 will look like, when it will come in, and what the
24 criteria will be for judging it.

25 So to the extent the utilities have any input
26 on that, that would be helpful.

27 Now. Today.

28 For example, do we need to have an evaluator

1 in place before the pilot starts or a new measure is
2 introduced to -- to measure baseline -- the baseline
3 condition?

4 Anybody?

5 MR. TISDALE: You are looking at us.

6 I feel like DRA made that point in my
7 introductory remarks.

8 We do feel like an evaluation plan should be
9 in place before, so I will yield the microphone and the
10 floor to other responses on that point.

11 MS. THOMPSON: I am looking at you, Mary.

12 What's your thought on it?

13 You have to come up here.

14 MR. LAWLESS: Let me say from SDG&E's perspective
15 that we did not put an evaluation plan in place.

16 What we've done, the way we looked at this in
17 our -- in the two pilots that we put together was
18 several years ago we had a new measure-assessment
19 process where we brought new measures into the program.

20 We had an analysis of those new measures that
21 were recommended by parties.

22 We were thinking we would follow that same
23 process to evaluate these as pilots.

24 Now, that may not be sufficient. We may need
25 to do more than that, and we can definitely do more than
26 that, but that's where we started from.

27 And our primary considerations were cost,
28 customer satisfaction, energy benefits that were

1 attained, and what types of barriers we ran into that we
2 weren't anticipating.

3 I'll give you a good example. Back in 2004 or
4 '05, whatever it was, when we brought the new measures
5 in, one of the new measures we brought into the program
6 was duct test and sealing.

7 We brought it in under the assumption that I
8 believe it was 80 percent of time we went and did a
9 test, we would end up doing sealing; right?

10 Well, guess what? 20 percent of the time,
11 approximately, that we'd do a test, we now do sealing.

12 So what's happened is we're doing lots of
13 testing with very little results.

14 So several of us have looked at that measure
15 and said That's not really a good measure.

16 On the surface it's an excellent measure; it
17 looks like a very beneficial measure; but the way it was
18 set up, it's not producing the results we wanted.

19 So the --

20 ALJ THOMAS: Was it initially implemented as a
21 pilot or as a full-blown measure?

22 MR. LAWLESS: It was implemented as a full-blown
23 measure because, as we looked at it, everything about it
24 looked really good, and everybody that talked about it
25 was -- had said nothing but positive. And intuitively
26 it's a good measure.

27 But what -- in the field, once we started
28 implementing, we found lots of barriers to getting

1 savings and complying with standards that are already
2 out there, so it turned out that it wasn't the success
3 that we thought it might be.

4 So we need to have the time to go back and
5 look at it --

6 MS. THOMAS: Right.

7 MR. LAWLESS: -- reevaluate, see if there's things
8 we can do to improve it. What would it take?

9 Because duct test and sealing on the surface
10 is a great measure, but we found a lot of homes where we
11 can't get to the ducts to seal them.

12 And so it's -- so what's happened is our
13 testing has starting to drop off significantly --

14 MS. THOMPSON: Right.

15 MR. LAWLESS: -- because the contractors don't
16 want to go do a test just for the sake of doing the test
17 and not be able to do the sealing work also.

18 So what they are doing is they are looking at
19 things much more closely before they even do the test,
20 and in many cases they are not doing the test because
21 they can see ducts aren't accessible, so why do the test
22 if I'm not going to be able to do the work.

23 ALJ THOMAS: Should the Commission prohibit any
24 new measure without there first being a pilot tried in a
25 small com- -- group first, with evaluation criteria in
26 place, and a means of evaluating whether it worked or
27 not, so that a situation like what you're discussing, or
28 the whole house fan --

1 MS. THOMPSON: The whole house fan was obviously
2 an example of the -- yeah --

3 ALJ THOMAS: Yeah. Where it just did not work out
4 to be effective as a measure.

5 Should we require any new measure to go
6 through a pilot with evaluation criteria around it?

7 MR. PARKHILL: And I wouldn't be so restrictive to
8 require a pilot on every measure.

9 It may be appropriate for -- for some measures
10 that are -- maybe the technology is new.

11 But as we go through our -- our application
12 period, you know, I reflect back on the standardization
13 team that we used to have, and I really thought that was
14 a good process.

15 You know, in the end we got public input, and
16 we had utility input, we had other interested-party
17 input, and the bottom line was Does this measure work?

18 And there was a consensus. There were, you
19 know, M&V people there to determine: Well, is this a
20 measure that we can roll out and not be restricted by
21 any time frame if it's going to work?

22 MR. OLSON: Okay.

23 MS. O'DRAIN: I would -- this is Mary O'Drain for
24 PG&E.

25 I would agree with Jack.

26 Some measures probably do require a pilot
27 before we implement them into the program; other
28 measures -- for instance, PG&E put in torchiers.

1 That's a measure we know a lot about, and at
2 least one of the other utilities was already implement-
3 ing them, and we talked to them, and we know a lot about
4 that measure, and we didn't feel that it required a
5 pilot.

6 Someone asked also about evaluations up-front.

7 I think that would -- that would depend. In
8 many cases I think that probably is a good idea.

9 It depends on what it is we're piloting and
10 why we're piloting it.

11 If we're trying to learn about the impacts of
12 the measure, then we probably should have an evaluation
13 plan up-front because that's -- you want to know the
14 base conditions as much as possible and be able to get
15 to an end result and figure out what the impacts are.

16 Most of the measures that we're actually
17 working on, we're piloting. We know a lot about them,
18 and we didn't necessarily think that it was necessary to
19 do an impact evaluation, although an impact evaluation
20 is probably a good idea because we can always use more
21 information.

22 And one of the reasons we didn't include
23 evaluation plans with the pilots that we put in was
24 because previously, when we had put in an evaluation
25 plan for a pilot in previous Applications, they were
26 denied, so we didn't necessarily think that they were
27 wanted.

28 And we don't have an objection to putting in

1 evaluations where they are appropriate.

2 And the kind of evaluation would make a
3 difference, too.

4 If we're testing a partnership, that's more
5 looking at feasibility and barriers, and it's not the
6 same type of an impact evaluation you're looking for
7 there. You're trying to figure out how a relationship
8 works and whether or not it would be successful to
9 expand, or whether it's something you do and stop doing.
10 I mean, what we can learn from it.

11 ALJ THOMAS: What I'm hearing -- and it's only
12 you, Ms. O'Drain, speaking, but that this may be an area
13 where DRA and the utilities can get together and perhaps
14 come to some agreement?

15 I mean, I'm not hearing any serious
16 objections.

17 MR. LAWLESS: Oh. No.

18 (Laughter)

19 MR. LAWLESS: And I think the other thing that you
20 have to keep in mind is --

21 ALJ THOMAS: That was a joke; right?

22 MR. PARKHILL: (Nodding head)

23 ALJ THOMAS: Because the record doesn't always
24 reflect a smile on people's faces.

25 MR. LAWLESS: When you're replacing a lightbulb
26 with a lightbulb or a refrigerator with a refrigerator
27 and you're doing straight across, those are pretty
28 simple, those are pretty straightforward.

1 But when you get into the structure of a
2 house, when you get into customer usage of equipment,
3 that becomes a little bit more difficult, and that --
4 you've got some other factors that you have to look at.

5 So a blanket statement that, yeah, you got to
6 have a pilot for everything, probably not a good idea;
7 for those that there's more complications, probably a
8 good idea.

9 ALJ THOMAS: Uh-huh.

10 MR. LAWLESS: And I don't think any of us are
11 opposed to that.

12 MS. THOMPSON: No.

13 ALJ THOMAS: I think what I'd like to ask the
14 parties to do in the copious free time we all have
15 between now and August 1st is to try to get together and
16 talk about whether there are some points of agreement
17 that you can come to about this issue.

18 You had your hand up, Mr. Parkhill?

19 MR. PARKHILL: No. I was just going to say that a
20 good example of a type of pilot -- Edison did not put
21 forth any pilots because some of the activity we felt
22 might be considered a pilot in the integration of some
23 of the programs. The partnerships, for example. They
24 could actually be considered, you know, a pilot, but to
25 consider it a pilot would be too -- it would require a
26 lot of work just to try to put together an evaluation.
27 And we felt that those were the types of programs that
28 you need to move forward on and you need to look back on

1 to see a what worked and didn't work and move forward.

2 ALJ THOMAS: I agree.

3 I think to the extent that PG&E's is proposing
4 some new partnership with the City of San Jose --

5 MR. PARKHILL: Uh-huh.

6 ALJ THOMAS: -- or Habitat for Humanity or
7 something, I think that's more of a leveraging activity.

8 And while we are concerned about how to sort
9 of assess the -- how well the utilities are doing with
10 leveraging and also integration, but that's not on this
11 agenda today; that's more of a leveraging opportunity.

12 What I mean by pilots is the new proposal to
13 give microwaves, to give high-efficiency clothes
14 washers --

15 MR. PARKHILL: Uh-huh. Okay.

16 ALJ THOMAS: -- et cetera, new measures -- new
17 measures that are being done in pilot form within a
18 limited group for a limited time --

19 MR. PARKHILL: Uh-huh.

20 ALJ THOMAS: -- to trial how the measure works and
21 how effective it is.

22 So I think that's what DRA is talking about as
23 well.

24 MR. TISDALE: You are correct, your Honor.

25 I believe you understand it.

26 We are not prepared to commit to resolving
27 this before August 1st.

28 ALJ THOMAS: Oh, you don't have to commit to

1 resolving it.

2 I am just saying I would invite you to do it
3 because I'm not hearing a huge amount of objection from
4 the other side.

5 MR. TISDALE: No. And, I mean, we observed that,
6 too, and it's good to see.

7 What we would be wary of is not resolving this
8 by August 1st and then having it fall off the edge of
9 the earth and never be seen again.

10 Is there anyway we can somehow compel this to
11 be followed up with -- after the -- after the
12 Applications are complete?

13 ALJ THOMAS: All of the issues that we've put on
14 the agenda for today, all of the issues that are listed
15 in this are issues we think the decision will address.

16 This is in there.

17 MR. TISDALE: So that decision --

18 ALJ THOMAS: So it's not -- it's not going to not
19 get addressed just because you don't follow-up with it.

20 We plan to address it, but we -- we've --
21 we've acknowledged the concerns that you've raised; we
22 agree with them; and we think there needs to be more
23 work.

24 We don't want to just approve \$300,000, a
25 black box, not understanding how to assess whether it's
26 been successful or not.

27 MR. TISDALE: So that decision might not approve
28 these pilots as is but may compel parties to revisit the

1 issue.

2 ALJ THOMAS: Right.

3 MR. TISDALE: Good.

4 ALJ THOMAS: But I think it would be more
5 efficient for you to try to come up with something now.

6 MS. WATTS-ZAGHA: (Nodding head)

7 MR. OLSON: Okay. I mean, do we want to continue
8 with this?

9 ALJ THOMAS: Yeah. Are there other matters on
10 here?

11 MR. OLSON: I don't know if this will be in your
12 discussions, but just reporting requirements and just,
13 you know, about setting up those sort of goals, whether
14 it could be annual reports or -- or if we need to have
15 separate reports after the completion of a project -- if
16 we want to talk about that now, or if that's something
17 you would talk about in your discussion?

18 ALJ THOMAS: I think that -- I think both of those
19 things should happen.

20 It seems that -- I mean, the pilot --

21 MR. OLSON: They do happen.

22 Currently they report in the annual reports.
23 Usually they give a section on the pilots that they've
24 implemented in the past.

25 The thing that I think was raised is that a
26 lot of times it's only a couple paragraphs saying We
27 sort of didn't like this or this worked out.

28 What we're not seeing is like Where did the

1 money go, Where was it spent, and stuff like that.

2 And I think this was also raised by an audit
3 from Division of Water and Audits, and they wanted to
4 make sure that in the future we consider this in any
5 budget application. So --

6 ALJ THOMAS: Any objections by the utilities --

7 MR. LAWLESS: (Shaking head)

8 MS. THOMPSON: No.

9 ALJ THOMAS: -- to a report specific to each
10 pilot?

11 MR. PARKHILL: No.

12 MR. LAWLESS: No. That's fine.

13 ALJ THOMAS: Let's -- Ms. Thompson said she
14 doesn't object.

15 MS. THOMPSON: Yeah.

16 ALJ THOMAS: Mr. Lawless didn't object.

17 MR. PARKHILL: I do not object, your Honor.

18 (Laughter)

19 ALJ THOMAS: Mr. -- not lawless; Mr. Parkhill
20 didn't object.

21 Thank you.

22 Mr. Hobbs didn't object.

23 MR. LAWLESS: Neither did Mr. Lawless and Hobbs.

24 (Laughter)

25 ALJ THOMAS: Great. That will be the order in the
26 proposed decision.]

27 MR. PARKHILL: Will you use our names.

28 (Laughter)

1 MR. BURT: They'll just use your name.

2 ALJ THOMAS: I'll cite page X.

3 MR. OLSON: That's basically it.

4 ALJ THOMAS: Okay. Well, then we finished that
5 one early. Thank you, Dan, for being so focused.

6 We're going to move on then to leveraging.
7 That's Ava Tran.

8 Let's be off the record.

9 (Off the record)

10 ALJ THOMAS: We'll be on the record.

11 Ava, take it away. Leveraging.

12 MS. TRAN: We're going to talk about leveraging
13 today, and we've got about 45 minutes on this topic.

14 The first thing I wanted to do was clarify the
15 definition of leveraging because we've had a lot of
16 confusion with what leveraging is and what integration
17 is, and we've been seeing it a lot in some of the
18 responses and even applications. So it's a loose
19 definition as well. It's not been -- I don't think it's
20 documented anywhere. But the Energy Division's
21 definition of leveraging is leveraging focuses on IOU
22 efforts to coordinate their programs with other efforts
23 in the community, local government, state, federal or
24 private projects.

25 And this is actually a very important topic
26 because in the strategic plan on the LIEE portion of the
27 strategic plan we've got two goals set, and the second
28 goal of the -- the second of the two is that the LIEE

1 program is an energy resource. And if we go to, there
2 are about four strategies under achieving this goal, and
3 the first strategy is to increase collaboration and
4 leveraging of other low-income programs and services.

5 So today's discussion, I wanted to facilitate
6 a discussion and develop an objective criteria, ideas
7 for reporting to be used to measure the success of the
8 leveraging efforts. And I want to thank all the IOUs
9 for submitting a very good list of leveraging efforts
10 and ideas that they've put forward. I've received a
11 great list from every one. But we're not necessarily
12 going to talk today about the leveraging efforts you've
13 identified but more so on how we're going to measure the
14 success of these individual efforts.

15 So this is just a snapshot from the strategic
16 plan where I already identified one of the strategies
17 under the goal is to increase collaboration and
18 leveraging of other low-income programs and services.
19 And of course all of the participants would be the IOUs,
20 the Energy Division of course, LIOB, the CEOs,
21 Department of Community Services, local government,
22 state, federal as well.

23 We can go on to the next one. And as I
24 mentioned, we're not going to discuss the different
25 efforts that IOUs have put forth and proposed but more
26 so facilitate a discussion on how is successful
27 leveraging going to be defined, how can accountability
28 on leveraging be pursued, what metrics should be set,

1 and how can these metrics be measured to ensure success.
2 And what I did was -- or what we did was brainstorm a
3 few potential metrics that we could use to help us
4 identify whether or not these individual measures or
5 these individual efforts would be successful.

6 So this is not -- it's just ideas that the
7 Energy Division put together. And what we're looking
8 for is feedback from IOUs as well as the other
9 participants in helping us better define a successful
10 leveraging partnership relationship.

11 So I'm going to open up the next half an hour
12 to some of your thoughts and some feedback and get a
13 good discussion around this.

14 ALJ THOMAS: I think, just to set the context, I
15 think on the EE side they've been trying to do this,
16 probably the LIEE side has been trying to do this for
17 years; and, you know, those that have been around sort
18 of say, look, we've been trying to do this for years.
19 It's like herding cats. I don't mean the participants
20 are cats. I mean it's just a subjective issue that
21 we're trying to attach objective criteria to. It's very
22 difficult to measure.

23 But it does seem that the effort should be
24 made to try to determine -- as I went through the
25 utility applications, it was really difficult for me to
26 figure out which measures, which leveraging
27 opportunities were new, which were just being continued,
28 were already going on, how the utilities were

1 determining which opportunities were successful and how
2 they were determining which ones to discontinue.

3 It's just a bit of a black box to me. And so
4 I think trying to put some measurements on to it so that
5 we can assess what is working and whether the money is
6 being spent wisely and whether we're really enhancing
7 the numbers of low-income customers served or
8 diminishing their confusion, making the program more
9 accessible to them, is working.

10 The KEMA report talked a lot about barriers to
11 participation, and low -- you know, one of the barriers
12 that low-income people cited is that just the program
13 details are confusing. It's difficult to access the
14 program. There are a lot of different forms. And so
15 ways to -- there are a lot of different organizations.
16 They're not sure who does what, where the money is
17 coming from. It's confusing to people. It's confusing
18 to me as a consumer.

19 And so attaching measures that really -- by
20 which we can judge whether we're making people's lives
21 better by engaging in leveraging. So that's sort of the
22 backdrop to why we're having this conversation.

23 MS. TRAN: And obviously the general goals of why
24 we want to encourage leveraging is, you know, for
25 obvious reasons, it's the energy saved, where we can
26 save some dollars through these partnerships and
27 relationships and increasing the enrollment of the
28 program as well as some of these others that we've

1 identified. So what we want to do is really set some
2 parameters how we measure that as a successful
3 relationship leveraging partnership.

4 ALJ THOMAS: Okay. Ms. Watts-Zagha. Mr. Tisdale.

5 MR. TISDALE: I'm going to speak first. On behalf
6 of DRA, Matthew Tisdale.

7 We would like to make an addition to that
8 definition that you proposed there, suggested addition
9 to the definition. We believe that leveraging
10 ultimately reduces the cost of LIEE and CARE to
11 California's ratepayers. And I think that including
12 that added clause in your definition there will really
13 clarify the subject a bit in terms of this being an
14 outward effort rather than an internal effort, which we
15 consider more of an integration type effort. It is an
16 outward effort that brings resources, whether it be
17 data, money, time, support, into our programs and
18 reduces the cost of these programs to ratepayers.

19 MS. WATTS-ZAGHA: And I'd like to -- Karen
20 Watts-Zagha with DRA -- pinpoint something that has come
21 up as the statements about leveraging have gone back and
22 forth in this proceeding is even before leveraging,
23 removing duplication is so critical, and this came up
24 when we met with the four utilities recently and
25 discussed, how do you know when a home has been treated
26 through a different program. And the answer was, in a
27 case we don't know until we get there, which means
28 somebody goes out to the house twice and assesses it

1 twice. The customer has somebody come to their home
2 twice.

3 ALJ THOMAS: Is that true for all four utilities?

4 MR. PARKHILL: You're talking about CSD, Community
5 Services Department, and the LIHEAP program that will go
6 out there. LIHEAP does not have a database that we can
7 share with so that we can find out when these customers
8 have been served. So oftentimes we will not find out
9 until we go out to that customer's home. And they may
10 not remember they were served by CSD. We will only know
11 by the measures that are installed that it does not need
12 service.

13 MS. TRAN: Is it because they don't have a
14 database available?

15 MR. PARKHILL: Right.

16 MS. TRAN: Or they just don't have access to it?

17 MR. PARKHILL: They don't have a database
18 available. As a matter of fact, I think they are
19 working on a database in 2008. And we're going to be
20 meeting with them again later on.

21 MR. LAWLESS: August 5th.

22 MR. PARKHILL: August 5th, you know, to continue
23 discussions with CSD, you know, to increase our
24 communication, coordination, and the leveraging. So we
25 hope to come out of that with some further developments.

26 MS. WATTS-ZAGHA: But a second point between --
27 that was the example that we discussed in the meetings.
28 But a second point is, and of more concern, is in

1 utilities that have overlapping service territories, and
2 particularly if it's amongst these four utilities, is
3 there the case that things happen twice? It wouldn't be
4 the case that a home would be assessed by Southern
5 California Gas and then Southern California Edison.
6 That doesn't happen? Okay. That's good.

7 ALJ THOMAS: Wait, wait, wait. Let's have that
8 answer on the record.

9 MS. WATTS-ZAGHA: I just saw him nod.

10 ALJ THOMAS: What's the answer?

11 MR. PARKHILL: We share contractors in the joint
12 utility service area. So when a shared contractor goes
13 out to that customer's home, they are doing both a
14 SoCalGas and a SoCal Edison assessment. So that
15 customer would not be receiving services twice or the
16 same service twice. That's for sure.

17 MS. WATTS-ZAGHA: If it's a nonshared contractor.
18 Do you only use shared contractors? You know what we're
19 asking?

20 MR. PARKHILL: What are you asking?

21 MS. WATTS-ZAGHA: In a home in a part of the
22 territory that you share with Southern California Gas --

23 MR. PARKHILL: Mm-mm.

24 MS. WATTS-ZAGHA: -- receive a visit from?

25 MR. RASHID: Or put another way, will efforts be
26 duplicated between utilities, between specifically
27 Southern California Edison --

28 MR. PARKHILL: On occasion that --

1 ALJ THOMAS: Wait. Don't speak over each other.
2 I didn't get the question on the record. Say your
3 question again, Mr. Rashid.

4 MR. RASHID: I'm sorry. Rashid Rashid, DRA. Will
5 efforts be duplicated between the utilities for
6 customers?

7 MS. WATTS-ZAGHA: Will they be separately even
8 marketed to, will they receive some buyers from
9 Southern -- that's a separate question. You mentioned
10 when we share a contractor, they only get assessed once,
11 but what about when you don't share a contractor?

12 MR. PARKHILL: We keep that to a minimum. There
13 may be -- there are situations that occur where a
14 customer in an outlying area may be receiving services
15 through a private contractor, for example, and so that
16 private contractor. But on an almost -- I would think
17 there's only one contractor with SoCalGas that is not on
18 SoCal Edison's -- does not have a PO with SoCal Edison,
19 and that would be the -- it's the only one that I'm
20 aware of.

21 MS. WATTS-ZAGHA: I'm remembering in the West Hill
22 impact evaluation they brought this up saying, it's
23 difficult to tell what measures had been installed
24 through which program. And especially when it's the
25 same contractor they should be able to figure this out,
26 but for some reason in the impact evaluation they
27 weren't able to tell. You know, and I wish I could cite
28 the page where this is written, but that's another place

1 where this came to light.

2 MR. PARKHILL: They weren't able to tell which
3 measures were installed by?

4 MS. WATTS-ZAGHA: Which program.

5 MR. PARKHILL: By which program?

6 MR. LAWLESS: LIEE or CSD? There's a lot of
7 confusion there. In fact, customers --

8 MR. PARKHILL: Are you talking about LIEE?

9 MS. WATTS-ZAGHA: Well, I'm talking about --

10 ALJ THOMAS: Let's be off the record.

11 (Off the record)

12 ALJ THOMAS: Let's be on the record.

13 Does anybody disagree that the list of
14 possible goals and metrics that Ms. Tran has prepared
15 which lists increase in energy saved, increase in
16 enrollment/customer served dollars saved, increased
17 customer satisfaction, or decreased confusion, increased
18 workforce education, improved processes on both party
19 and continually identifying new and creative leveraging
20 partnerships, sharing of resources, program sign up to
21 program implementation timing improved, does anybody
22 disagree that those are good metrics for the Commission
23 to impose in measuring whether the utilities are being
24 effective in leveraging their opportunities?

25 MR. PARKHILL: Your Honor, Jack Parkhill, Southern
26 California Edison. It's not that I don't agree. It's
27 just that it's so -- it's so open, almost -- many
28 activities that we're involved in would be considered

1 leveraged, whether it be a coordination activity,
2 whether we put the 800 number for our CARE program and
3 our LIEE program on a brochure, that as part of our EE
4 program, that would technically be considered leveraged
5 under this, but it's --

6 ALJ THOMAS: No.

7 UNIDENTIFIED SPEAKER: It's integrated.

8 MR. PARKHILL: It's integration, right, right.

9 ALJ THOMAS: And I hate to get all caught up in
10 semantics, but integration is, within your own utility
11 you've got a lot of demand side programs.

12 MR. PARKHILL: Mm-mm.

13 ALJ THOMAS: And you've got, you know, PG&E has
14 climate, everything from Climate Smart to solar.

15 MS. THOMPSON: Right.

16 ALJ THOMAS: And metering and EE, LIEE, CARE.

17 MS. THOMPSON: Smart AC, all that.

18 ALJ THOMAS: And in between. Integration is how
19 well --

20 MR. PARKHILL: So internal.

21 ALJ THOMAS: -- PG&E --

22 MR. PARKHILL: Okay.

23 ALJ THOMAS: If you think of "in-ternal"
24 "in-tegration."

25 MR. PARKHILL: Right.

26 ALJ THOMAS: Leveraging is how well you work with
27 other groups, including CEOs, governments, LIHEAP,
28 etcetera, to make sure that you're not going to the same

1 house twice.

2 Okay. So with that understanding, do you have
3 any basic objection to the Commission imposing this list
4 of -- or some of the items on this list as required
5 metrics for the utilities to meet in determining that
6 their leveraging is being effective?

7 MR. PARKHILL: No.

8 ALJ THOMAS: No, you don't?

9 MR. PARKHILL: No.

10 MR. LAWLESS: To the extent they can be measured.

11 MS. THOMPSON: Right.

12 MR. LAWLESS: The toughest one up there that I see
13 is increased customer satisfaction and decreased
14 confusion among leveraging staff. That's a difficult
15 one to measure, I believe.

16 MS. TRAN: And that's where we're really asking
17 for the IOUs' feedback in how we go about measuring it
18 as well.

19 MR. LAWLESS: And I think each one stands on its
20 own as to which metrics apply. You know, a year or two
21 ago we developed a partnership with H&R Block to do CARE
22 enrollments.

23 MS. THOMPSON: Somebody is dialing.

24 MR. LAWLESS: To do CARE enrollments. We can then
25 leverage that partnership with H&R Block to get people
26 into the LIEE program because we have signed up new
27 people for CARE. Is that leveraging or is that
28 integration?

1 So there's a lot of issues around each one and
2 what it measures and what it produces, because I may be
3 able to leverage something that it just produces the
4 enrollments, but it won't produce energy savings because
5 that's down the road.

6 ALJ THOMAS: But enrollments, getting people
7 enrolled in the program that had never been touched by
8 the program before, that's a huge goal.

9 MR. LAWLESS: Totally agree. Totally agree.

10 ALJ THOMAS: Because once they're in the system,
11 then we have the opportunity to serve them with all
12 feasible measures.

13 MS. TRAN: And it wouldn't be measured -- it
14 wouldn't be evaluated in that every one of these metrics
15 had to increase. You know, I think we would look at it
16 as a whole to see where it would increase and where it
17 may not.

18 ALJ THOMAS: So does that work for you, Mr.
19 Lawless?

20 MR. LAWLESS: Yes.

21 ALJ THOMAS: Mr. Hobbs.

22 MR. HOBBS: And just with the asterisk, where
23 applicable. Some of these may not be applicable.

24 ALJ THOMAS: Which on the list do you have
25 concerns with?

26 MR. HOBBS: Perhaps workforce education, would
27 that be applicable.

28 ALJ THOMAS: I think that's a separate goal. I

1 actually had that same reaction, that that might be one
2 that's difficult. That's a key goal for this program
3 and for the strategic plan.

4 MR. HOBBS: I'm leaving that there.

5 Ms. Lopez?

6 MS. LOPEZ: I didn't hear the question, actually.

7 ALJ THOMAS: Okay. He questioned whether
8 workforce education and training advances is a metric by
9 which to measure leveraging. I think workforce
10 education and training is a separate and essential piece
11 of our strategic plan, but I don't know that it
12 necessarily fits in right here. So I would tend to
13 agree with Mr. Hobbs.

14 Does that answer your question, Ms. Lopez?

15 MS. LOPEZ: Thank you.

16 ALJ THOMAS: That was Ortensia Lopez.

17 Anybody else from the utilities have a problem
18 with this principle of using metrics to measure the
19 success of leveraging and this list that we put up?

20 MS. THOMPSON: Frances Thompson, PG&E. No, we
21 don't have any. As long as we can measure it, that's
22 the concern.

23 ALJ THOMAS: Okay. And then we have --

24 MS. GETTIG: Just a comment from Brenda Gettig.

25 ALJ THOMAS: Let's be off the record.

26 (Off the record)

27 ALJ THOMAS: On the record.

28 MS. GETTIG: Brenda Gettig, SDG&E.

1 Just a comment that it's not clear how we
2 would attribute these metrics to the leveraging effort.
3 So, for example, we can measure dollars saved or
4 resources we shared, but how to identify how much of it
5 went to the leveraging effort and how much is based on
6 our new program design might be difficult.

7 ALJ THOMAS: I think going from where we are now
8 where there really isn't any of this happening to a
9 place where we're at least making an effort, yes. If
10 you have a program now which you do entirely on your own
11 or entirely with contractors you've used for years and
12 all of a sudden you start coordinating with LIHEAP and
13 the enrollments jump, it seems that at least a portion
14 of that could be attributable to the fact that you
15 leveraged. But, you know, you'd have to disclose
16 exactly how you came to your numbers.

17 I mean I think this process of evaluating the
18 effectiveness of your leveraging is going to require
19 that when you come to us with reporting you explain how
20 you did your calculations.

21 So I mean that would be part and parcel of any
22 reporting is that you give us -- you explain how you did
23 your calculations.

24 Mr. Karp.

25 MR. KARP: Are we on the record?

26 ALJ THOMAS: We are.

27 MR. KARP: Michael Karp with AWISH. Seems to me
28 one of the metrics that I would like to see an order

1 from the Commission to the companies is to engage in a
2 formal memorandum of understanding with CSD around the
3 use of the federal LIHEAP and DOE weatherization
4 programs that would speak to, amongst other things, the
5 installation entities that would do whole-house
6 weatherization. That is, there's efficiencies when one
7 subcontractor can address all measures in a home rather
8 than having a number of separate niche contractors come
9 in. That hasn't been spoken about before, and that
10 service delivery network can do that.

11 It would speak to the fair share allocation of
12 those federal funds within that utility's service area
13 by fuel type and get that out of the way so that those
14 funds could be spent in that service area as part of the
15 memorandum of understanding.

16 So one of the metrics would be, are these
17 agreements in place? And then you can work backwards
18 from that. And that's been missing all these years.
19 It's outrageous.

20 ALJ THOMAS: Has there ever been an MOU between
21 the utilities and --

22 MR. PARKHILL: Jack Parkhill, Southern California
23 Edison. No, there has not been. And I would go a step
24 further and suggest that maybe, you know, the Commission
25 work with CSD on behalf of the four IOUs in the state to
26 have a standardized MOU so that whatever agreement is in
27 place is shared by all four utilities and not a separate
28 agreement that might benefit one utility or one agency

1 in a particular area. So I think that would be key to
2 have a buy-in by both state agencies.

3 ALJ THOMAS: I agree with that. And I'm looking
4 at Ms. Hymes and she's nodding at me. I think that was
5 a nod. So I agree that we should initiate some contact.

6 Yes, Ms. Hymes.

7 MS. HYMES: I was just wondering if we could ask
8 if there's any one on the phone from CSD.

9 ALJ THOMAS: I don't believe so.

10 Is any one on the phone from CSD?

11 (No response)

12 MS. TRAN: Is there any one on the phone?

13 (No response)

14 ALJ THOMAS: Okay. What I would say, though, to
15 the utilities is, if you have good contacts, I suspect
16 we do too, but let's --

17 MR. PARKHILL: We'll give them a heads-up.

18 ALJ THOMAS: Well, no. Let's coordinate on making
19 contact.

20 MR. PARKHILL: We are meeting with them August
21 5th.

22 MS. THOMPSON: In Sacramento.

23 ALJ THOMAS: Let's get somebody, either Ms. Hymes
24 or somebody from the Energy Division in on that call.

25 MS. THOMPSON: Actually, our next meeting Dan and
26 Johanna were with us.

27 MR. OLSON: We were there.

28 ALJ THOMAS: Sir, you've had your hand up for

1 quite a while. Will you state your name for the record.

2 MR. PARKER: William Parker. I'm the Director of
3 the Community Action Agency in San Mateo. We are a
4 LIHEAP provider. We do leveraging. One of the things
5 that is important to us is when we do leveraging is to
6 expand the program. So when we get dollars from some
7 other source that can be applied to the LIHEAP program
8 or the Department of Energy program and it makes it
9 better for the client, that's what we do.

10 So we have a leveraging type program with PG&E
11 that we get refrigerators and we install those
12 refrigerators. And the dollars that is put into it from
13 PG&E is expanded by the work that we do under LIHEAP and
14 DOE and housing preservation. So it's expanded the
15 amount of service that the low-income get. And I think
16 that's the important thing.

17 And that's something that can be measured,
18 because \$1 in and you get \$3 of some other service for
19 the work that you're doing for that \$1 that wherever you
20 might get it from. We might get it from other federal
21 sources, or not from federal sources, but from other
22 entities like utilities, like nonprofits and
23 profit-making corporations. Anything that can add to or
24 make it better for the low-income, that's what we want
25 to do.

26 MS. TRAN: Can I ask, in that partnership with
27 PG&E is it -- with that leveraging relationship that you
28 have with PG&E, does it just cost them the cost of the

1 refrigerator?

2 MR. PARKER: It's the cost of the installation of
3 the refrigerator and the disposal of the old
4 refrigerator, because that has to be a part of this
5 whole process too for that program. But if we were to
6 expand it and have contracts with, in our case because
7 we're in PG&E territory if we were to have contracts to
8 do LIEE programs, then that could expand the service to
9 the low-income throughout, in our service territory we
10 have San Mateo and Santa Clara County. So that would be
11 a large increase in the service to the low-income, which
12 is really important.]

13 MS. TRAN: And potentially even the cost of
14 delivering the refrigerator because there's no other
15 cost associated with that.

16 MR. PARKER: It's all included.

17 MS. PEREZ: There's no such thing as double
18 dipping. We do a refrigerator under the utility
19 program; it's charged to the utility program.
20 Installation is done by the contractor. So, those
21 expenses are -- that's the way it's divided.

22 But when this whole issue of leveraging
23 started many years ago, actually Bill and I were the
24 first ones to raise the issue of leveraging. And the
25 whole purpose of our -- or our intent at that time which
26 continues today is the fact that -- and because I don't
27 see a definition here of leveraging, I think it's really
28 important to keep in mind that when you work with the

1 state programs and the federal programs that are under
2 LIHEAP.

3 ALJ THOMAS: There's the working definition for
4 our purposes today. You may disagree that.

5 MS. PEREZ: Which is fine. I'm not going there.

6 But my point really is the fact that the
7 reason why we raised it is that there are moneys
8 available to state governments who are running
9 the LIHEAP program which are incentive dollars to
10 leverage. And those dollars come into the state of
11 California based on the work that we do and with outside
12 dollars that come in. So that every dollar we get from
13 utility companies that we can report, we leverage more
14 resources from the federal government coming into
15 the state.

16 And that was the reason why we raised this
17 issue because we felt it was very, very important that
18 we look at that. Because we as Californians are the
19 ones that are losing out. And quite frankly because
20 we've been able to make this issue a big issue, what's
21 happened is that we turned around from being one of
22 the last states to receive a lesser amount of leveraging
23 dollars, we are now receiving a larger portion. And
24 that is directly based on this issue of leveraging.

25 So I want to make sure that the Commission is
26 keenly aware that this effort of leveraging becomes
27 critically important to Californians. It's not about us
28 as an entity. It is about what happens to California.

1 Californians, I should say. Particularly our low income
2 community.

3 So that's the first thing I wanted to say.

4 The second thing I wanted to say in terms of
5 measurement, I would really like to see that you include
6 the category of expanded resources. Because when they
7 work with us, one of the other expanded resources is
8 that we do work with Sacramento housing authorities, we
9 work with other people that contribute to the ability --
10 to our ability to be able to put on an air conditioner
11 because the roof is decayed. We can actually fix
12 the roof because we have additional resources with which
13 to do it. Not every agency, but many agencies do.

14 So that's the kind of thing that when you look
15 at this, these are the kinds of matrixes that I would
16 hope you would incorporate. Because while they're small
17 resources, it goes a long way so --

18 And we do have that data. I know CSD does not
19 have a collective data, but every agency has their own
20 particular data. We're required to have it.

21 MS. TRAN: So you mean -- sorry. Can I just
22 define expanded resources in terms of other
23 relationships, partnerships that are created due to the
24 fact of the IOUs leveraging with your organization?

25 MS. PEREZ: There's federal incentive moneys that
26 is are available to LIHEAP providers throughout
27 the United States. And those are awarded based on your
28 ability as a state to leverage with other quote,

1 unquote, non-state and federal dollars.

2 ALJ THOMAS: DRA pointed out in a response to one
3 of my rulings, my second ruling, that the LIHEAP website
4 has examples of leveraging reporting that we might able
5 to implement. I have not looked at the website to see
6 how good the stuff is.

7 But everything you're saying is exactly where
8 the strategic plan is going. This whole house and zero
9 net energy emphasis is only bringing in a lot of
10 different partners together to treat individual
11 customers.

12 MS. PEREZ: All I'm trying to stress is the
13 importance of not to lose sight of that. I think it's
14 extremely important.

15 MR. PARKHILL: I just wanted to make mention that
16 each utility filed a report with the state on our
17 leveraging that we use through our low income programs,
18 including our CARE subsidies. So for Edison, over
19 \$212 million was reported to the state to report to the
20 feds as leveraging for the state.

21 ALJ THOMAS: When you say leveraging, reporting to
22 the state you mean to CSD?

23 MR. PARKHILL: Yes, CSD.

24 ALJ THOMAS: Not to this commission?

25 MR. PARKHILL: Correct. I'm sorry.

26 ALJ THOMAS: Mr. Hodges, you had your hand up.

27 MR. HODGES: I just wanted to point out that the
28 LIHEAP leveraging that Mr. Parker and Ms. Perez

1 described is an example of LIEE resources going to the
2 LIHEAP program, and the result is that the LIHEAP
3 program has a dollar limitation -- average dollar
4 limitation on the amount of things that LIHEAP will pay
5 for a home. If you get a refrigerator from PG&E, that
6 means they can do more things to that home and not reach
7 that dollar amount, or they can do another home.

8 So contrary to what you described, it's
9 LIHEAP -- LIEE resources go to LIHEAP, and the ultimate
10 beneficiary is the low income ratepayer who's being
11 served partially by LIEE and partially by LIHEAP.

12 MS. WATTS-ZAGHA: How is that contrary to what we
13 described?

14 MR. HODGES: Sorry. Maybe it wasn't. I thought
15 you described resources going into the LIEE program.
16 And this was LIEE resources going to the LIHEAP program.

17 MR. TISDALE: May I reframe the issue, if I have
18 a moment.

19 With respect to the work that Mr. Parker
20 mentioned and the work that they do, PG&E furnishing
21 these groups with refrigerators is extremely important.
22 DRA no means wants to dissuade that, but we don't
23 believe that is an example of our utilities leveraging.
24 We believe that is our example of our utilities being
25 leveraged. Okay?

26 And we would like to see our utilities
27 leveraging. We would like to be seeing our costs going
28 down through such activities going outward.

1 MR. HODGES: Final comment.

2 ALJ THOMAS: Although the ultimate goal, I guess,
3 is to increase penetration to make sure more people are
4 served. And with these bigger budgets, that's what --
5 I mean, most of this money has got to go to new measures
6 and new customers.

7 MR. HODGES: So a definitional issue that I have
8 is when it's described, leveraging appears to equal
9 coordination.

10 ALJ THOMAS: With outside entities, yeah.

11 MR. HODGES: So how is coordination different from
12 leveraging?

13 You describe it correctly, what's happening
14 with the LIHEAP program. It's being leveraged,
15 additional resources are going into it. It's not only
16 coordinating, but it has some specific transfer of
17 resources between programs.

18 MR. PARKHILL: Your Honor, I need to explain
19 Edison's leveraging arrangement with LIHEAP contractors
20 is a little bit different. We provide the refrigerators
21 at no cost to LIHEAP contractors who then pay for
22 the cost for installation of those.

23 So it is a true win/win situation. We're not
24 paying for the labor cost. They're not paying for the
25 refrigerator cost.

26 MR. PARKER: Just leveraging.

27 ALJ THOMAS: Mr. Burt.

28 MR. BURT: I don't want to be too parochial, but

1 while we talk about leveraging, let's keep in mind that
2 LIHEAP does not allow private contractors. And in
3 general, when they allow both private contractors and
4 others to bid, the private contractors come in lower.
5 So let's not get too wild about handing the whole
6 program to LIHEAP.

7 ALJ THOMAS: Anything else? Do you have any
8 further matters?

9 Just assume that the order is going to include
10 these metrics. And we're going to look at the LIHEAP
11 website to see if --

12 "Lie-heap" and "le-heap" L-I-H-E-A-P, by the
13 way, are the same thing. I pronounced them probably
14 wrong.

15 But we're going to look at what they have but
16 expect that there will be some requirements in the
17 decision.

18 MS. TRAN: This isn't a comprehensive list. We
19 are asking for some feedback if you have some thoughts
20 on additional metrics and even thoughts around how they
21 would be measured.

22 Thank you.

23 ALJ THOMAS: Okay. Okay. Let's be off the
24 record.

25 (Off the record)

26 ALJ THOMAS: We'll be on the record.

27 Our final topic for discussion today is LIEE
28 eligible customers and Johanna Sevier will lead that

1 discussion.

2 Go ahead.

3 MS. SEVIER: Hello. So, in the decision released
4 in December, Decision 07-12-051 we adopted
5 the programmatic LIEE initiative to provide all eligible
6 LIEE customers with opportunity to participate in LIEE
7 programs and to offer those who wish to participate all
8 cost-effective energy efficiency measures in their
9 residences by 2020.

10 So this raises the issue of just how many
11 customers do we have to reach by 2020?

12 So in the guidance document which we,
13 the Commission, issued on April 1st, 2008, we requested
14 a proposed methodology to calculate the number of
15 households to be treated in order to reach
16 the 25 percent of the eligible and willing LIEE
17 population between the years 2009 and 2011. And so this
18 is the first three-year cycle. There will be three
19 additional three-year cycles. In each of those
20 three-year cycles, we're hoping to hit 25 percent,
21 25 percent, 25 percent as well.

22 In the IOU budget applications, we did receive
23 a joint utility proposed methodology designed to obtain
24 a base point of eligible and willing customers for each
25 utility's service area.

26 So I'm going to step by step go through
27 the joint IOU proposed methodology. I'll do a brief
28 overview right here, but then we'll talk about each

1 point A, B, C, and D separately because I know this is
2 a complicated issue and I don't want to confuse it.

3 So in order to calculate the base point, we
4 start with the customers estimated to be eligible for
5 the year 2008. So that's a big number. And then from
6 that number, we subtract the number of customers served
7 by LIEE between the years 2002 and 2008, and this is
8 actuals plus the estimate for 2008.

9 ALJ THOMAS: Can you explain why it just goes back
10 to 2002?

11 MS. SEVIER: In the budget applications,
12 the utilities suggested going back to 2002 because this
13 is the year rapid deployment was implemented which
14 dramatically changed and increased the number of
15 measures going to each home.

16 Utilities, correct me if I'm wrong.

17 Normally, the utilities abide by a 10 year
18 go-back rule in which they don't treat houses that have
19 been served within the last ten years. But given that
20 2002 did result in a significant alteration of the
21 program, that was the reason for that year.

22 MR. FASANA: John Fasana, SCE.

23 2002 was the full first year, post rapid
24 deployment decision which was middle of 2001. So it was
25 felt that was a good starting point year.

26 MS. SEVIER: So we subtract B from A. And then
27 from that number we subtract the number of customers
28 served by LIHEAP between those same years 2002 to 2008.

1 Then the last calculation is subtracting
2 ten percent of the customers estimated eligible for 2008
3 from the total number. And this ten percent accounts
4 for the fact that supposedly ten percent of
5 the population is unwilling to participate.

6 ALJ THOMAS: And that's based on?

7 MS. SEVIER: This is based on the KEMA Needs
8 Assessment which came out last October I believe.

9 MR. LAWLER: For SDG&E and SoCalGas,
10 the 10 percent was after B and C were subtracted from A,
11 just to clarify.

12 MS. SEVIER: And thank you for that clarification.
13 We'll get into those details when we come to that point,
14 but first I'd like to start with the eligible population
15 estimate.

16 Now in the joint utility methodology,
17 accordingly, Decision 01-03-028 developed a methodology
18 to estimate the number of CARE eligible customers. And
19 the utilities claim in their applications that this
20 methodology is used annually to estimate the number of
21 customers eligible for LIEE.

22 Now, in protests we received, DRA claims that
23 utilities underestimate the number of eligible customers
24 remaining to be treated by LIEE.

25 I know you all have talked about this. We'd
26 like to hear what you have to say -- utilities, DRA,
27 anyone else who wishes to weigh in.

28 MR. TISDALE: Wonderful.

1 MS. SEVIER: Matthew, why don't you start.

2 MR. TISDALE: First of all, I want to make
3 a subtle distinction here, and I hope you will forgive
4 me for being a little bit nit picky. But when you were
5 talking through A minus B minus C minus D, you were
6 using the words "We subtract B, we subtract C." We just
7 want to confirm that this is an IOU proposed
8 methodology, that this is not an Energy Division
9 proposed methodology.

10 MS. SEVIER: This is an IOU-proposed methodology
11 yes. I guess I was trying to simplify the language as
12 much as possible. That you.

13 MR. TISDALE: I understand. But for the record,
14 we thought it was important. Thank you.

15 So in regards to factor A that you mention
16 here, the overall eligibility population, DRA and its
17 protest and going forward in its brief is going to be
18 pointing out that essentially the utility generated
19 estimates of eligible population are lower than they
20 were last year by nearly 13,000 households and lower
21 than the KEMA estimate from 2006 by over 214,000
22 households.

23 If adopted, these estimates will imply that
24 this agency recognizes fewer eligible low income
25 households than it has in the past.

26 In addition --

27 ALJ THOMAS: Let me stop you.

28 Are you reading from your protest?

1 MR. TISDALE: I am not.

2 ALJ THOMAS: If you read, just slow way down
3 because it's hard for the reporter.

4 MR. TISDALE: I'd be happy to slow down.

5 DRA points out that the estimated population
6 remains static over the three-year period between 2009
7 and 2011. That these estimates do not anticipate
8 changes in population for the period in question.

9 Furthermore, DRA challenges the assertion that
10 there are now fewer low income ratepayers in California
11 than there were last year or in 2006, and that
12 the population will not grow in coming years.

13 As evidence of this claim, DRA points out that
14 our sister agency across the state are recognizing this
15 trend and preparing to ramp up their services to
16 California's low income population. For example,
17 California's Employment Development Department reports
18 that the state's unemployment rate has gone from
19 5 percent in January 2007 to 6 percent in January 2008.
20 That's a difference of almost 200,000 jobs.

21 At the Health and Human Services Department,
22 case loads are at an all-time high. Programs there,
23 even programs that are facing serious budget cuts are
24 ramping up their services. They are recognizing a need
25 to treat more people.

26 And we have talked a lot about LIHEAP here
27 today. At the National Energy Assistance Directors
28 Association, they are recognizing that in 2007, there

1 was a record number of California customers in arrears.
2 1.7 million households in arrears totaling over
3 \$299 million as compared to 1.6 million households with
4 arrears at \$284 million the previous year.

5 ALJ THOMAS: Let me ask you a question.

6 And I'm not staying again that it's
7 obligatory, but have you tried to work -- has DRA tried
8 to work with the utilities in coming up to some
9 consensus on how eligible populations ought to be
10 calculated, and have you made any progress?

11 MR. TISDALE: Indeed we have. We have met with
12 each of the utilities. We have made some progress.
13 We have identified some mathematical errors that we
14 expect will be corrected in the coming brief
15 specifically by San Diego Gas & Electric.

16 As for Southern California Gas, PG&E and
17 Southern California Edison, with regards to factor A
18 here, not much progress has been made. Most utilities
19 have explained to us that this estimate is generated by
20 a consultant that provides them these numbers, has been
21 for a while, and that they don't really know what parts
22 of that methodology, which is a Commission approved
23 methodology, may be causing this drastic drop in
24 population which, as I just pointed out, sort of flies
25 in the face of economic conditions.

26 Does that answer your question, Judge?

27 ALJ THOMAS: Are the utilities willing to consider
28 the -- I mean, just given where the economy is and what

1 the various other agencies within the state and
2 federally are saying about jobs, income, just the news
3 articles about number of people who are receiving
4 shutoff notices, et cetera, that the estimates may need
5 to be adjusted.

6 Mr. Fasana.

7 MR. FASANA: Yes. Thank you. John Fasana, SCE.

8 Quickly, we would note -- and again, this is a
9 timing of when the estimates were produced to get to
10 letter A above.

11 ALJ THOMAS: Sure.

12 MR. FASANA: There was a very slight drop in terms
13 of the estimates that were submitted to the Commission
14 in October '07 from October 2006.

15 We would also remind that as data tends to lag
16 a bit that frankly the stock market was at an all-time
17 high around that same time.

18 We would acknowledge that in terms of how the
19 cycles come out, it may have been an oddity in terms of
20 when the particular estimates were produced. But we
21 don't think that that meant that the estimates were
22 faulty.

23 We would also acknowledge that the estimates
24 produced a static snapshot of what eligibility is. They
25 were never designed to forecast ahead. And we can get
26 into -- and I think this is a discussion point that
27 we've had with DRA as well. They would like to escalate
28 the estimates. And we believe that escalation is not

1 unreasonable; something to consider.

2 We also believe that as we approach this, that
3 we're dealing with the first three-year of a 12-year
4 cycle to achieve a goal by 2020. And for example, for
5 Edison, we are projecting up from maybe 50,000 a year to
6 doing maybe 75,000 houses per year. If we were to come
7 up with a rough escalation, that might change it by
8 5,000 homes a year.

9 Our approach at the time given the
10 programmatic initiative coming out in December was its
11 forecast -- or I should say, let's present based on
12 the static estimates we have and we'll true this up in
13 the next three-year window going forward. We are
14 willing to look at an escalation factor in the next
15 three-year period going forward which at that point if
16 we discuss this in the next year or two years we see no
17 reason why the program design issues can go forward
18 addressing which measures should be included, which
19 measures should not. And we think we have a time period
20 to where we can discuss implementing an escalation
21 period which not only would true-up the next cycle, but
22 would take care of the issues as we move forward into
23 the next funding application.

24 And in any case, even if there was an increase
25 moving into that second cycle, it would be vastly
26 smaller than what we have proposed as we have sought to
27 implement the programmatic initiative for the first
28 three years.

1 MS. SEVIER: Matthew.

2 MR. TISDALE: If I may just respond.

3 DRA doesn't favor pushing this back to the
4 next program cycle. As we've seen, we have increasing
5 gas costs coming up now. We've seen that it's cheaper
6 for us to treat these homes now than it will be in three
7 years. And we've also seen that -- well, we've seen
8 those two points. Maybe I'll come back, do my third
9 later.

10 But we would propose than we not put off
11 tomorrow what we can do today. We should regard -- we
12 should recognize these people are here now and get to
13 it.

14 ALJ THOMAS: Let me ask sort of a macro question.
15 Based on your assertion that they're underestimating
16 the LIEE eligible population, are you saying that if you
17 look at all four utilities programs, that they are not
18 going to reach 25 percent by 2011?

19 MR. TISDALE: I'm not saying that they are not
20 going to reach 25 percent by 2011.

21 ALJ THOMAS: Of the actual population as you see
22 it?

23 MR. TISDALE: Of the actual population, I believe
24 that is correct.

25 ALJ THOMAS: That they are not going to reach 25
26 percent?

27 MR. TISDALE: I believe the numbers that they have
28 proposed that they would treat are not 25 percent of the

1 actual population. They're 25 percent of a part of
2 that.

3 ALJ THOMAS: And how far are they? What percent
4 of the actual population do think they are projecting to
5 meet?

6 MR. TISDALE: I don't have those percentages at
7 hand. DRA has proposed numbers in its protest. And we
8 can revisit those in our brief. We'd be happy to
9 follow-up that question in our brief. I don't have that
10 number at hand, but there is a significant number of
11 households that would be left off.

12 ALJ THOMAS: What's significant?

13 MR. TISDALE: If you give me a moment, I'd be
14 happy to pull that out for you.

15 ALJ THOMAS: Sure.

16 Off the record.

17 (Off the record)

18 ALJ THOMAS: We're on the record.

19 MR. TISDALE: On page 12 of the DRA's protest we
20 point out that we believe there to be 4,667,943
21 eligible. We have --

22 ALJ THOMAS: So 4.6 million --

23 MR. TISDALE: 4.6 and some change.

24 ALJ THOMAS: -- households.

25 MR. TISDALE: Yes. And we have estimates from the
26 utilities of 3.7. That's just for 2009, okay?

27 Now, 25 percent of that difference is what
28 we're talking about. Several hundred thousand, if that

1 is good enough to go with.

2 ALJ THOMAS: That's significant. That's material.

3 MR. TISDALE: We agree.

4 ALJ THOMAS: If we target a number that's that
5 different from what the actual should be, we're
6 undertargeting, we're underachieving this goal of
7 getting to a hundred percent by 2020.

8 MR. TISDALE: Now, to be fair, that number, our
9 number includes the differences that we have with their
10 methodology on elements B, C, and D as well.

11 ALJ THOMAS: Let's say we -- and this is all
12 hypothetical. But let's assume that we side with DRA
13 and say they're right, the target ought to be 4.6 rather
14 than 3.7, how are the utilities going to change their
15 programs in order to get to the higher number in this
16 three-year cycle?

17 I mean, we presumably, just thinking out loud,
18 we'd have to order you to come back with new numbers
19 that make up that difference.

20 And again, if I haven't said it enough, we're
21 going to be focusing on measures, not on education, not
22 on light bulbs, but on long term and enduring measures.

23 Let's assume -- and we're going to have
24 a closer look at these numbers, but if they're this far
25 apart, I think that is material.

26 Let's assume we order you to go to a higher
27 number, are you -- and I'm looking at the utilities
28 representatives here -- could you fairly, with fair

1 amount of ease turn those numbers around and come in
2 with higher budgets if we ordered you, as a compliance
3 filing for example?

4 MR. FASANA: That's something we'd need to take
5 back in terms of what the resources would be. But I
6 would say that one of the things we will look to do is
7 explain the issues we have with not only A, but as was
8 brought up the issues of B, C, and D.

9 Again willingness, I think those are actually
10 some of the bigger factors of terms of what the
11 differences are with DRA in terms of those factors on
12 the board.

13 ALJ THOMAS: But it did sound just, saying to you
14 earlier, Mr. Fasana, that at least you were willing to
15 consider the possibility of adjusting upwards because
16 conditions have changed since the time that these
17 numbers were generated.

18 MR. FASANA: Again, if that would be the direction
19 of the Commission, that's something we'd definitely have
20 to take back.

21 We think that in terms of A, we don't think
22 the difference is that big. And we think that it's --
23 we suspect that most of the difference is in terms of
24 how B, C, and D are applied.

25 MR. TISDALE: DRA would agree with that statement.
26 The difference is primarily with how we regard B, C, and
27 D. There are significant differences we believe that
28 should be addressed with regards to A. But in the

1 interest of moving this along, we're happy to also
2 address the differences we have on B, C, and D.

3 ALJ THOMAS: All right. Let's be off the record.

4 (Recess taken)]

5 ALJ THOMAS: We'll be back on the record.

6 We have had our afternoon break.

7 And, Johanna, continue, if you would.

8 MS. SEVIER: Thank you, Sarah.

9 Historically the IOUs used the 10-year Go-Back
10 Rule to determine which customers to treat, but the IOUs
11 claim that the end of 2001, when Rapid Deployment was
12 introduced, is a better representation of those who have
13 been served.

14 Comments?

15 Households treated by LIEE from 2002 through
16 2008.

17 Anyone have -- take issue with this
18 calculation --

19 ALJ THOMAS: Should we --

20 MS. SEVIER: -- methodology?

21 ALJ THOMAS: Should we just get rid of the 10-year
22 Go-Back Rule altogether and go back and just have no
23 limit on how quickly they go back, or is everybody sort
24 of in agreement that this modification of the 10-year
25 Go-Back Rule works?

26 MR. TISDALE: DRA would like to make a statement
27 on this point.

28 First of all. We do not object to the

1 solution that the utilities have provided to amending
2 the 10-year Go-Back Rule; and we support the proposal to
3 subtract households treated by LIEE from the total
4 estimated eligible population.

5 That said, we do want the record to reflect
6 that homes treated by LIHEAP since 2002 should not be
7 treated again until the end of this program cycle at
8 least.

9 Utilities should pursue new opportunities to
10 serve customers who have not yet received LIEE service
11 to date.

12 ALJ THOMAS: Okay.

13 MR. TISDALE: And if I may make one additional
14 point.

15 ALJ THOMAS: And when you -- you said LIEE,
16 L-I-E-E?

17 MR. TISDALE: Yes.

18 ALJ THOMAS: Homes treated by the LIEE --

19 MR. TISDALE: Yes.

20 ALJ THOMAS: -- should not be repeated -- since
21 2002 should not be repeated.

22 MR. TISDALE: Correct.

23 I tried to have a conference call on this
24 subject last week, and, believe me, LIEE and LIHEAP
25 don't go over the lines well.

26 ALJ THOMAS: Right.

27 (Laughter)

28 MR. TISDALE: So if I could just make an

1 additional point here. Let's see.

2 We would encourage the utilities in their
3 brief to revisit the number of LIEE customers treated
4 since 2002 as reflected in Cells B-10 through D-14 of
5 their Application, Attachment A3.

6 We believe there may be some inaccuracies in
7 the -- the Applications of Southern California Edison
8 and Southern California Gas with regards to how many
9 homes they are subtracting.

10 We don't oppose them subtracting them, but we
11 want them to take a closer look at that data.

12 ALJ THOMAS: Have you given them a heads-up on
13 what you're talking about?

14 MR. TISDALE: Yes, we have.

15 ALJ THOMAS: Okay.

16 MR. TISDALE: I should say, we have spoken with
17 Southern California Gas, not with Southern California
18 Edison.

19 ALJ THOMAS: Please do that.

20 If you expect them to respond. You need to
21 let them know what the problem is.

22 MR. TISDALE: That's why I was trying to push for
23 in the briefs. Just -- fair enough. I understand.

24 ALJ THOMAS: Yeah. I don't know if they'll know
25 what to respond to, so get them the information and
26 then -- so that they can -- they are ready to respond
27 August 1st.

28 MR. TISDALE: Absolutely.

1 MS. SEVIER: Additional comments?

2 Hortensia.

3 MS. LOPEZ: I think when the 10-Year Rule was
4 instituted there was a reasoning behind trying to serve
5 more customers, and that there was a feeling that houses
6 take ten years to wear and tear --

7 THE REPORTER: I'm sorry.

8 And there was a feeling that?

9 MS. LOPEZ: There was a logical reason why they
10 instituted the 10-year --

11 THE REPORTER: I'm sorry.

12 I'm getting -- can you possibly come up here?

13 I'm getting a double voice with your actual
14 voice and the speaker.

15 ALJ THOMAS: The microphone is reverbing.

16 MS. LOPEZ: I thought I was cloned.

17 THE REPORTER: Your last name?

18 MS. LOPEZ: Lopez.

19 I think that when the 10-Year Rule was
20 instituted, it was so that they would be able to serve
21 more homes, and then also they thought that it would
22 take a period of 10 years for the houses to wear and
23 tear.

24 I think when we find the community to be
25 served, however, is we have multiple households living
26 in one house, and when you don't have a follow-up with
27 some of them, that the wear and tear happens a lot
28 sooner.

1 And also, as we know, renters tend to move a
2 lot more than homeowners, so you have a higher
3 incidence.

4 So I think the 10-Year Rule should be
5 released.

6 ALJ THOMAS: Does going back, as the utilities
7 propose, though, solve the concerns that you have?

8 MS. LOPEZ: Yes.

9 MS. SEVIER: Anyone else?

10 (No response)

11 MS. SEVIER: Okay. Moving on.

12 Households treated had by LIHEAP from 2002 to
13 2008.

14 Now, in their Applications the IOUs subtracted
15 295,452 homes treated by LIHEAP from the total eligible
16 population estimates, and in doing so the IOUs claimed
17 that LIHEAP offers similar measures, and that homes
18 treated by LIHEAP would be deemed ineligible for LIEE
19 treatment regardless.

20 Now, DRA claims that the Commission does not
21 guarantee LIHEAP service and suggests that the utilities
22 retroactively subtract households treated by LIHEAP from
23 the eligible population estimates.

24 Matt?

25 MR. TISDALE: Yes. I would love to speak to this
26 point.

27 ALJ THOMAS: Wait a minute. I don't understand.

28 It sounds like DRA is saying the same thing

1 the utilities are saying? You know, I don't understand.

2 What's the difference between DRA and the
3 utilities' position on this?

4 MR. TISDALE: The utilities have generated an
5 estimate of how many homes have been treated by LIHEAP
6 in their service territories --

7 ALJ THOMAS: Right.

8 MR. TISDALE: -- and subtracted that from the
9 total.

10 We -- our position is that we do not want them
11 to do that.

12 Instead, what we have said, is once we get to
13 the end of 2011, if we want to go back and say, well,
14 these homes were treated by LIHEAP, then you may go
15 ahead and not be held accountable for having not
16 achieved that number of homes or some variation thereof.

17 Now, I have a number of clarifying comments
18 here, if you'll allow me for a moment.

19 ALJ THOMAS: Just don't read from a speech; just
20 make your points.

21 MR. TISDALE: Given that we're on the record, I --
22 and this is a technical issue, it's helpful for me to --
23 to read from a piece of paper.

24 I'll try not to be speech-like --

25 ALJ THOMAS: Okay.

26 MR. TISDALE: -- if that's fine.

27 ALJ THOMAS: I'm just trying to move it along.

28 MR. TISDALE: I understand, and I appreciate that.

1 First of all, DRA is pleased to -- to admit
2 that we misinterpreted in our Protest that they are not
3 forecasting LIHEAP.

4 Through our meetings with the utilities we
5 came to an understanding that they have only subtracted
6 the LIHEAP for the years past.

7 ALJ THOMAS: So these are actuals.

8 MR. TISDALE: These are actuals.

9 ALJ THOMAS: Can I ask a question about it, just
10 so I understand it better?

11 Are these -- could one of these LIHEAP-treated
12 homes be -- a number of them be people that just got
13 lightbulbs or energy education?

14 MR. TISDALE: It very well could be.

15 In fact --

16 A VOICE: No.

17 (Indicating)

18 ALJ THOMAS: Some people are shaking their heads
19 and some people are nodding.

20 A VOICE: No.

21 A VOICE: No.

22 A VOICE: No.

23 MS. PEREZ: Our requirements are much more
24 stringent.

25 ALJ THOMAS: Okay. Let's have whoever is going to
26 answer this come forward. One of you.

27 Off the record.

28 (Off the record)

1 ALJ THOMAS: On the record.

2 MS. PEREZ: Louise Perez, Executive Director for
3 Community Resource Project.

4 I am a LIHEAP provider in the Sacramento area.

5 I can tell you that the LIHEAP homes that we
6 do for the most part have far more measures being
7 installed in these homes, for a combination of reasons:

8 One, we do have leveraging opportunities with
9 the utility companies, obviously, in Sacramento with our
10 municipality, as do others.

11 In addition to that we also receive other
12 resources, not just state LIHEAP -- LIHEAP dollars, but
13 we have DOE dollars; so we are able to leverage all of
14 those dollars to do as many measures as we possibly can
15 in that household. And we really do weatherize the home
16 from insulation, and there -- and there's a dollar
17 limit, but -- but it's far greater than what -- than
18 what the utilities do.

19 Our estimated -- I think our average install
20 costs, because of all the other funds that we put into a
21 home sometimes, can be an average of about \$2500 to
22 \$5500.

23 ALJ THOMAS: Per home?

24 MS. PEREZ: Per home.

25 And it's -- again, it's because of all the
26 other resources in order to make a dollar.

27 ALJ THOMAS: Thank you.

28 MS. PEREZ: Now, that's not LIHEAP. So I want to

1 make that very clear that that's not LIHEAP dollars.

2 ALJ THOMAS: Mr. Morris?

3 MR. MORRIS: Yes. We -- DRA contacted our sister
4 agency to find out how the utilities got the numbers
5 they got, subtract the homes that were under LIHEAP, and
6 we found out in an e-mail that they were asked a few
7 months ago to give how many total houses in each of
8 their service territories were served by LIHEAP, but
9 this was from a Kathy Ely who had provided them numbers.

10 And she said in her e-mail to us: It is
11 important to note, although we have an comprehensive
12 list of measures available under our weatherization
13 program, there are a whole host of reasons for why a
14 dwelling may not be fully weatherized at the time.

15 So whereas the LIHEAP program has a lot of
16 different energy-efficiency measures, and why as they
17 gave statistics of how many homes might have been served
18 by LIHEAP to the utilities at their request, she put out
19 this qualifier to us, when we got the same numbers from
20 her, that you cannot extrapolate from these numbers that
21 all these homes got all those weatherization measures.

22 Some counties or some programs might have done
23 it, other places throughout the state didn't.

24 You know, I think a lot has to do with budgets
25 and various programs of the different counties, but for
26 whatever reason we do not have any confidence that the
27 numbers that the utilities subtracted in the past that
28 got LIHEAP funding necessarily got all those energy-

1 efficiency measures.

2 And we've been asking them in data requests
3 about that, but we haven't -- went right to our sister
4 agency that administers this program, and they told us,
5 when they gave us the numbers, that you cannot assume
6 that all these energy-efficiency measures were used in
7 each of these homes.

8 ALJ THOMAS: And do you know her title or any
9 other details about who she is and how she qualifies to
10 make that statement?

11 MR. MORRIS: Her name is Kathy Ely, Senior Program
12 Manager for Energy and Environmental Services,
13 Department of Community and Development.

14 MS. PEREZ: If I may.

15 We know Kathy very, very well, and it goes
16 back to the issue that was raised here earlier in terms
17 of CSD not having some of the data.

18 That data is really -- stays with the -- with
19 the local provider.

20 The state has never gathered that kind of
21 information as a -- from everyone, so consequently they
22 are in the process of doing that.

23 That was mentioned earlier, that CSD is now
24 engaging in that kind of database in order for them to
25 have that kind of information so that they can provide
26 those kinds of information.

27 So I can understand where -- where Kathy has
28 written such a letter, but I do want to make sure that

1 people understand that LIHEAP providers for the most
2 part, I mean, do leverage a lot of other resources in
3 order to do weatherization in their homes.

4 But again, I can't speak to this specific
5 issue, whether or not you should add it or subtract it.
6 I think that's a decision you need to make.

7 MR. MORRIS: Yeah. Well, our point is simply that
8 the numbers that the utilities relied upon of how many
9 households got LIHEAP and so they subtracted that
10 automatically from their budget was from the data they
11 got from the state, the Department of Community and
12 Development; and they qualified to us, when we asked
13 about that information, you cannot extrapolate from
14 those pure numbers that all those houses got all those
15 energy-efficiency measures even though they are offered
16 under the program.

17 So that's how we questioned subtracting that
18 from the current numbers for purposes of figuring out
19 the budget.

20 ALJ THOMAS: Okay. That -- I mean, it sounds like
21 there's at least a factual issue here about the numbers.

22 We haven't solved it today, but there's now a
23 question on the table that I'd love to be able to
24 resolve, but it sounds like there may not be data out
25 there that allows us to resolve it.

26 Mr. Tisdale, you had some other matters that
27 you wanted to raise?

28 MR. TISDALE: The last point on LIHEAP I wanted to

1 make is just correcting an inaccuracy on the flag here,
2 which is also an inaccuracy in DRA's Protest.

3 The 295,452 homes treated by LIHEAP -- we came
4 up with the same number, and that was on the basis of
5 77,000 homes being subtracted by SDG&E as reported in
6 their Attachment 11 to their filings.

7 In fact, in consultation with them we have
8 learned that they are only subtracting 7700; that there
9 is a big difference, so that would come down by the
10 difference of 77,000 to 7700.

11 ALJ THOMAS: So we're off by about 70,000.

12 MR. TISDALE: Give or take.

13 ALJ THOMAS: Give or take.

14 So the number there should be about 225,000 --

15 MR. TISDALE: It should be 226,512.

16 ALJ THOMAS: Thank you.

17 MS. SEVIER: Thank you.

18 Would the utilities care to comment?

19 MR. LAWLESS: I think the only thing that needs to
20 be commented on here is because we don't know what homes
21 had been treated by LIHEAP, a decision is not made as to
22 whether that home is eligible or not eligible until
23 we've been to the home and seen that it either needs
24 measures or doesn't need measures.

25 We've used that as a -- a proxy number for
26 homes that more than likely are not going to receive
27 treatment from us because we don't know who they are.

28 ALJ THOMAS: Well, that would add credibility to

1 your figures if you're actually only including in your
2 figure homes that LIHEAP hasn't treated -- or has
3 treated, that you've gone out to visit and discovered
4 that they've been treated and only include those numbers
5 in the -- in the -- in your database.

6 MR. LAWLESS: And we don't have those numbers
7 until we go to the homes.

8 We've never tracked homes that we've walked
9 away from in the past.

10 We are now starting to track that data.

11 So when we knock on a home and it doesn't need
12 measures, they don't want to participate, whatever the
13 reason is that we walk away from that home, we are now
14 tracking that information.

15 ALJ THOMAS: That's a leveraging item that we
16 should add to our order --

17 MS. TRAN: (Nodding head)

18 ALJ THOMAS: -- Ms. Tran --

19 MS. TRAN: Uh-huh.

20 ALJ THOMAS: -- which that is we should require
21 that the utilities track these homes that have already
22 been treated by LIHEAP.

23 Now, it may well be that a home -- despite
24 what I heard about leveraging, it may be that some homes
25 have only received a minimal number of measures and
26 still require more.

27 MR. LAWLESS: Exactly.

28 ALJ THOMAS: But without tracking we'll never

1 know.

2 So I think --

3 MR. LAWLESS: Right.

4 ALJ THOMAS: -- requiring that you track that as
5 part of the leveraging effort that we're trying to
6 enhance will be a good first start.

7 MR. LAWLESS: And to the extent we can get data
8 from CSD that would tell us where those homes are, we
9 can do that easily.

10 Our only other way to do it is, when we go
11 into the home and realize that they don't need the
12 measures, is we documented that they don't need
13 measures. It may be that LIHEAP did it, it may be that
14 a landlord did it, it may be that the homeowner did
15 those measures.

16 ALJ THOMAS: Well, we said that we were trying to
17 try to work on getting an MOU together with CSD --

18 MR. LAWLESS: Right.

19 ALJ THOMAS: -- so that hopefully something -- I
20 -- I don't know what the barriers to getting an MOU in
21 place and trading data are going to be without
22 approaching them.

23 They are -- as you all -- all of you who have
24 been around several years now. This whole issue of
25 automatic enrollment and sharing data has been very
26 difficult.

27 MR. LAWLESS: A nightmare.

28 ALJ THOMAS: But I'm praying that, with CSD, it's

1 not a barrier.

2 You had your hand up, Mr. Morris?

3 MR. MORRIS: Yes.

4 I guess we would certainly support coordina-
5 tion with CSD.

6 I guess our only point is that you have
7 therefore an artificially low budget by the utilities
8 because they just assume that the numbers they got from
9 CSD --

10 ALJ THOMAS: Right.

11 MR. MORRIS: -- have gotten all the full measures,
12 and therefore the budgets they are asking for approval
13 of may be way too low.

14 And then we suggested that they don't subtract
15 that number, seeing that the utilities' position was
16 wait until three years from now and reexamine it then,
17 that we think that that's just going to postpone a lot
18 of energy-efficiency measures that we might need now,
19 sooner rather than later.

20 ALJ THOMAS: I assume -- and correct me if I'm
21 wrong, utilities -- that you don't care how much money
22 we put in your budgets. If we give you more money --

23 MR. FASANA: Well, again I think --

24 ALJ THOMAS: -- and with a -- with a one-way
25 balancing account, I mean, you can't just spend unspent
26 money on administration or something -- you're not going
27 to object to us giving you higher budgets because we --
28 the estimates of who you need to serve in the next three

1 years in our view are wrong; right?

2 MR. FASANA: I think that's probably a reasonable
3 interpretation at this point.

4 I'm not going to speak for our management, but
5 I think that is a totally reasonable interpretation.

6 What I am going to say is what has never been
7 the case is whether you are talking about LIHEAP
8 customers or whether you are talking about unwilling
9 customers, the goal of the utilities has been we don't
10 know specifically who those customers are. Our goal is
11 to target them.

12 Part of what we expected is, when we went out
13 there, we'd either find they are unwilling or they have
14 already been treated through this other program, and
15 therefore they would not need service.

16 But it was never the intent not to target
17 these customers.

18 ALJ THOMAS: Right.

19 Mr. Hodges, you had your hand up?

20 MR. HODGES: Yes. That was an interesting
21 question about the utilities minding or not.

22 I would like to hear the answer from the
23 Sempra Utilities.

24 Our history with them has indicated that
25 they've said that since all ratepayers, including
26 industrial ratepayers, pay for the costs of the program,
27 they've looked -- they've sought limits on the amount of
28 LIEE expenditures.

1 ALJ THOMAS: Well, let's hear from them.

2 But the one thing I would say is there -- I
3 also think there's a certain outside limit on how much
4 PGC we can put on individual residential customer's
5 bills; right?

6 There's a certain break point at which it
7 becomes un- -- makes it unaffordable for individual
8 residents.

9 And we haven't had a discussion about that at
10 all in the context of this proceeding -- nobody's really
11 weighed in on that -- so I'm assuming, from the lack of
12 response, that nobody thinks we've hit that point yet.

13 But, you know, as we get towards 2020, it may
14 or may not become an issue.

15 Yeah. Let's hear from Sempra.

16 Are you on the line?

17 MR. COOLEY: Yes.

18 This is Dan Cooley, your Honor.

19 At the appropriate time I would like to just
20 respond to that point.

21 ALJ THOMAS: Okay. You are from PG&E; right?

22 MR. COOLEY: Yes.

23 ALJ THOMAS: Okay.

24 Mr. Lawless?

25 MS. HASSAN: Good afternoon.

26 Kim Hassan.

27 We did want to speak to that.

28 We wanted to just first clarify that our

1 noncore customers do not pay for LIEE, just CARE.

2 And with respect to would we have an objection
3 if you were to increase our budgets, again, we can't
4 speak for our management, but if it's for the betterment
5 of our customers, by all means, yes, but our ratepayers
6 may take issue.

7 ALJ THOMAS: Okay.

8 Anybody else had their hand up?

9 About that issue that I raised, the question
10 of -- and obviously when we say increased budgets, we
11 mean with a one-way balancing account, such that if you
12 don't spend the money, it goes back to the ratepayers.
13 It doesn't just get absorbed by the utilities.

14 Mr. Cooley, I'm going to give the court
15 reporter the option of not reporting if he can't hear
16 adequately what you say.

17 MR. COOLEY: All right.

18 ALJ THOMAS: And if he can't report it, you'll
19 need to just make a written submission.

20 MR. COOLEY: Sure.

21 ALJ THOMAS: I understand -- I understand that,
22 you know, you need to make a statement. I just want to
23 give him the option, if he can't get it, to ask you to
24 submit it in writing.

25 MR. COOLEY: Sure.

26 ALJ THOMAS: Try, Bill.

27 MR. COOLEY: All right.

28 The -- there is a balancing that we all must

1 be involved with here. And I think that we all have the
2 same goal of providing maximum benefits to our low-
3 income customers to the extent it's -- it's consistent
4 with the -- the treatment is provided to our other
5 customers at large.

6 And our large -- our large budget increase
7 this year is very, very significant. I mean, this is
8 the largest increase that I think has ever occurred to a
9 LIEE budget.

10 We are moving up to the treatment of 300,000
11 homes over the next three years. This is an absolutely
12 huge increase.

13 Our budget is going from approximately
14 \$77 million per year, I believe, to, over three years,
15 about \$450 million. This is a huge budget increase.

16 And our Tier 5 customers are presently paying
17 38 cents a kilowatt-hour.

18 That kilowatt-hour price will clearly increase
19 significantly as the result of the energy-efficiency
20 programs that are being implemented, which the budget is
21 almost doubling, to the -- it's in the range of another
22 \$800 million - \$900 million over the next three years,
23 with another increase from this program which is very
24 significant, and to the tune that I've just indicated.

25 So it clearly is a balancing that has to
26 occur; and we are here, all of us, because we -- we are
27 interested and care about our low-income customers and
28 their fate.

1 And we do believe that it's appropriate that
2 there be a subsidization, but we do think that there is
3 a balancing which can get out of whack, and we do fear
4 that if we're not careful, we may be very near the
5 breaking point given that we're looking at huge
6 increases in gas-fuel costs this coming year. And keep
7 in mind that our residential customers and our Tier 5
8 are presently at 38 cents a kilowatt-hour, and they are
9 about to see a very large increase next year.

10 So with those factors in mind, I guess we
11 would say that, yes, we do support the low-income
12 program, and I don't speak for my management either,
13 can't give a definitive statement except to say that we
14 just need to be very mindful of the fact that we -- we
15 are having an impact on all of our customers.

16 Thank you.

17 ALJ THOMAS: Well put.

18 Ms. Watts-Zagha?

19 MS. WATTS-ZAGHA: I would like to explain why DRA
20 did not mention the balancing that occurs with regard to
21 the public-goods charge.

22 We made a strategic decision not to address it
23 based on our looking at the fraction of the PGC that
24 currently LIEE is composed of and doubling the LIEE
25 budget.

26 I don't -- I didn't want to say this until we
27 felt like we had a good program with which to expand the
28 budget, and I still don't feel like we have that.

1 But in terms of managing the size of the
2 surcharge burden that nonlow-income ratepayers have to
3 bear, the pressure is not coming from LIEE, and I want
4 to -- we can provide data on that.

5 And just the other thing that's really
6 important here is the utilities, as part of their budget
7 application, in Attachment C2, break out the rate and
8 the portion of the surcharge that can be attributed to
9 CARE -- admin CARE subsidy, LIEE admin, and LIEE
10 program; and we've been asking since June 6th for these
11 attachments to be corrected from the utilities.

12 And, you know, Edison did correct its rate
13 table.

14 But it is a very important rate table, and our
15 lack of discussing it in a Protest doesn't mean that we
16 haven't been evaluating it quite closely. And we're
17 looking forward to receiving from Southern California
18 Gas and San Diego Gas & Electric what we believe need to
19 be a corrected Table C2.

20 ALJ THOMAS: Mr. Karp.

21 MR. KARP: Michael Karp with A.W.I.S.H.

22 On the issue giving utilities more funds, the
23 answer may be relative to whether all feasible measures
24 will be installed or segmentation and tiered approaches
25 provide a unit count which could be a quite substantial
26 difference.

27 The second slide here in this presentation had
28 a -- on the decision of -- called seven -- 7-12-051, was

1 all cost-effective energy-efficiency measures in the
2 residence by 2020 -- we offered, but the CPUC formal --
3 the CPUC formal hearing on cost-effective is -- is
4 deferred to an unknown time in the future, and there's
5 also language about installing all feasible measures
6 from a preapproved list of measures where feasibility is
7 the driver.

8 So we have some quality versus quantity
9 issues, and our concern is that, in order for utilities
10 to get to their unit-count goals and the segmentation
11 issue, they will be sacrificing all feasible measures to
12 do so, which will be sanctioned by the Commission.

13 So this is -- these -- these numbers mean
14 different things to different people, and behind the
15 numbers are these issues of quality versus quantity, in
16 my estimation.

17 ALJ THOMAS: One of the things I invite anybody
18 that has -- takes issues with either that language or
19 the language in the strategic plan that we issued Monday
20 that says by 2020 100 percent of eligible and willing
21 customers will have received all, quote, cost-effective
22 low-income energy-efficiency measures -- That's page 20
23 of the new strategic plan -- if you have concerns about
24 that, how that goal has been framed, I really would
25 invite you to weigh in on the strategic-plan piece of
26 that because we're taking our direction from the
27 strategic plan. It's obviously a long-term goal.

28 And I wasn't involved in the actual develop-

1 ment of this formula, but to the extent that you have
2 concerns about it, it's still an issue that's on the
3 table to be commented on.

4 I don't know that --

5 MR. KARP: This will come up tomorrow?

6 ALJ THOMAS: Well, this is -- the workshop
7 tomorrow, as I understand it, is being run by Judge
8 Gamson.

9 There's a prehearing first, and then there
10 will be an opportunity to sort of allow all parties
11 interested in to ask questions or give input on the
12 strategic plan.

13 They don't have a specific agenda.

14 And LIEE isn't specifically agendized because
15 nothing is specifically agendized tomorrow.

16 But there is a comment period for the
17 strategic plan that was just -- when the strategic plan
18 went out Monday, it was -- there was -- it was covered
19 by a ruling that gave a comment period.

20 And I -- I would invite people that are
21 interested in LIEE, because the strategic plan also is
22 concerned with LIEE, to weigh in.

23 MR. KARP: Thank you.

24 ALJ THOMAS: Thank you.

25 Mr. Morris.

26 MR. MORRIS: Yes. Just to deal with the
27 percentage of the program costs, the allocation, that's
28 really the subject of another proceeding that's

1 happening in the hearing next week starting Monday which
2 DRA is also very active in.

3 And currently I agree with Sempra's attorney
4 that the LIHEAP/LIEE Program is direct billed just to
5 residential customers because the energy-efficiency
6 programs that benefit industrial customers are allocated
7 directed billed just to them.

8 CARE is different.

9 CARE is allocated to everyone except for the
10 CARE recipients, so it's all residential customers that
11 don't receive CARE and the industrials and commercial
12 customers that are also paying for that.

13 That's all subject to being litigated in the
14 hearing next week when the utilities have proposed a new
15 proposal.

16 But that just deals with the gas public-
17 purpose programs.

18 But for present purposes, if you looked as of
19 2007 statistics, the LIEE surcharge and the CARE
20 surcharge as a part of the total delivered cost of gas
21 is approximately 4 percent.

22 And if the gas prices go up -- they are going
23 up significantly -- the percentage of the surcharge will
24 go up a little as compared to what the surcharge was
25 before, but not as part of the total cost of gas because
26 the total cost of gas is going up much higher than the
27 surcharge would.

28 So the 4-percent benchmark is roughly what the

1 surcharges for CARE and LIEE program are.

2 And the other thing I would mention is, if gas
3 prices are going up as they are, I believe that's
4 more -- all that more important we get these energy-
5 efficiency programs actively going because people can't
6 afford those high rates, and we need energy efficiency
7 to keep those as a check on those high prices.

8 ALJ THOMAS: Okay. Ms. Brown?

9 MR. BURT: I have a small footnote to offer, and
10 that is --

11 ALJ THOMAS: Mr. Burt.

12 (Laughter)

13 MR. BURT: -- that the 2020 target is nice, but
14 the fact is that right now natural gas energy costs is a
15 fairly small fraction of the oil energy costs, and the
16 speculators that are now happy in the oil market are
17 going to notice that long before 2020.

18 So that we can assume -- even if the global-
19 warming people don't stick us with a lot of extra costs,
20 we can assume that natural gas is going to go up a whole
21 lot faster than it's -- than many now forecast.

22 ALJ THOMAS: Okay. Let's take a couple more
23 matters -- yeah -- on -- on this issue of LIEE-eligible
24 customers, and then we'll wrap it up.

25 But I do -- if there are some burning
26 questions that you cannot get resolved at another time
27 and you feel you need to raise them today, we'll take,
28 you know, 10 minutes to take those.

1 Ms. Brown?

2 MS. BROWN: I just wanted to note that several of
3 the utilities have proposed changing the FERA discount
4 over into the LIEE budget.

5 And if we're worried about what low-income
6 customers are paying for public-goods charge, that may
7 not be a wise suggestion.

8 ALJ THOMAS: Anything further?

9 Mr. Tisdale.

10 MR. TISDALE: Thank you, your Honor.

11 Are we still going to be covering factor D
12 before we move on?

13 ALJ THOMAS: Yes.

14 MR. TISDALE: I know that time --

15 MS. SEVIER: So, factor D. Look at households
16 unwilling to participate in LIEE.

17 The IOUs cite the KEMA Needs Assessment
18 estimate of 10 percent of customers unwilling or
19 unlikely, I believe it says, to participate. And this
20 is CARE customers.

21 I've looked at the KEMA Needs Assessment, so
22 we should be clear on that.]

23 And the IOUs recognize that unwilling
24 customers should be tracked to best develop this
25 estimate in the future, but right now they're relying on
26 that 10 percent of CARE customers unwilling or unlikely
27 to participate. DRA believes that IOUs should
28 retroactively subtract any unwilling customers tracked

1 through their own efforts.

2 ALJ THOMAS: Again, with a retroactive subtraction
3 being based on actuals.

4 MR. TISDALE: Yes.

5 ALJ THOMAS: As opposed to some forecast.

6 MR. TISDALE: We discussed earlier, you mentioned
7 as another leveraging criteria, the utilities do intend
8 to do some more careful tracking. We think that after
9 we get that information that would be a more appropriate
10 time to deal with this willingness issue.

11 And if now is the appropriate time, I'd like
12 to raise just one more issue --

13 ALJ THOMAS: Sure.

14 MR. TISDALE: -- about the KEMA 10 percent
15 willingness factor. And given that our position on this
16 has been really clear, I'll spare you the speech and
17 just ask, where should the 10 percent be applied in this
18 equation? As we saw at the beginning, we have A, B, C,
19 D equals E. Some utilities have applied it to A. Some
20 utilities have subtracted B and C and then applied it.

21 It's DRA's position that we should subtract B
22 and C and then apply it. Folks treated by LIEE and
23 LIHEAP since 2002 seem abundantly willing to
24 participate. So to apply an unwillingness factor to
25 those customers seems to be erroneous.

26 ALJ THOMAS: It should at least be the same.

27 MR. TISDALE: It should at least be consistent.

28 ALJ THOMAS: Across utilities.

1 MR. TISDALE: We agree.

2 ALJ THOMAS: Yes, Mr. Fasana.

3 MR. FASANA: Yes. First of all, I'll stipulate
4 that the 10 percent is an estimate pulled from the KEMA
5 report and also that we are not the same. I will say
6 that in terms of the way the estimate was pulled, SCE's
7 interpretation was that it was stated that it was 10
8 percent of all customers would be likely to be unwilling
9 to participate. For our definition that meant that by
10 subtracting out those customers they're part of the 90
11 percent of the customers who were willing. So we still
12 felt that based on the total eligible customers that the
13 10 percent would be applied to the total number.

14 And again, we recognize that 10 percent was a
15 proxy at this point and that if you apply it
16 retroactively that could mean that maybe you meet the
17 programmatic initiative in effect by 2018 if what you
18 have at the end is unwilling customers. You know, if
19 that's -- I mean that's something we could also look at.

20 But we did apply it to the entire eligible
21 population, since the way we read the report was that
22 they stated 10 percent of all customers were unwilling.

23 MS. SEVIER: And as I read the report, Section 7
24 of the KEMA needs assessment, it was 10 percent of CARE
25 customers are unwilling or unlikely to participate. And
26 there's a different estimate for LIEE.

27 ALJ THOMAS: Which is what number?

28 MS. SEVIER: I want to say 5 percent as unwilling,

1 but I'm not sure.

2 MR. TISDALE: In DRA's understanding.

3 MS. SEVIER: And that's DRA's understanding.

4 ALJ THOMAS: As I recall, some of the
5 unwillingness is not, oh, I don't want that program, but
6 I don't get it. I'm confused by this. And I think
7 that's not a number -- I mean any number is attributable
8 to people that are just confused by how daunting the
9 program eligibility requirements are shouldn't be
10 discounted from the total population of eligibles.

11 That's the problem of our programs, that
12 they're too confusing. That's not a problem of people
13 understanding completely and turning them away.

14 Ms. O'Drain.

15 MS. O'DRAIN: Actually, KEMA didn't come up with
16 an unwillingness factor for LIEE. They did
17 unwillingness surveys for both CARE and LIEE. The CARE
18 unwillingness survey was in the range of, I don't have
19 the numbers in front of me, but it was about 3 percent.
20 The LIEE unwillingness factor was about 5 or 6 percent.
21 So since they apply -- since they -- whatever analysis
22 they did in the study, they decided to apply a 10
23 percent unwillingness to CARE, we figured that it was
24 probably at least as much for LIEE since LIEE does have
25 more of a hassle factor involved.

26 MS. SEVIER: I agree.

27 MS. O'DRAIN: But we don't know.

28 MS. SEVIER: That's my understanding as well, Mrs.

1 O'Drain. However, I want to be clear in that the report
2 again says 10 percent of CARE customers unwilling or
3 unlikely. And I believe that's what Ms. Thomas is
4 getting at in terms of, we don't want the fact the
5 program may be confusing to be considered an
6 unwillingness on behalf of the customer.

7 MS. O'DRAIN: But I think they also -- I agree
8 with you, and I don't have a problem with that. But
9 they also, KEMA discussed what the breakpoint is at
10 which a customer just -- an unlikely customer will never
11 participate. And I don't know what it is either.

12 ALJ THOMAS: Anything further on this issue of the
13 10 percent? And I'm hearing some -- at least some
14 consensus that this 10 percent is probably at least is
15 probably the highest possible number we could use.

16 MR. LAWLESS: No.

17 UNIDENTIFIED SPEAKERS: No.

18 MS. O'DRAIN: No. We actually think it's
19 conservative.

20 ALJ THOMAS: Except that it's higher than what's
21 in KEMA.

22 MS. HASSAN: Yeah. But we have issues with KEMA.

23 MS. O'DRAIN: Okay. KEMA -- but the thing is
24 the -- KEMA says that -- KEMA came up with that number
25 for CARE, and they came up with that based on a 2 or 3
26 percent unwillingness factor. And since there is a much
27 higher unwillingness factor for LIEE, we felt that it
28 was probably, if their basis for coming up with 10

1 percent then for CARE is correct, then using the same
2 factor for LIEE would actually be conservative.

3 ALJ THOMAS: I at least understand now how you
4 come up with the 10 percent, which I think is important.
5 So maybe we'll leave it at that unless somebody has an
6 issue that they feel needs to be addressed.

7 MR. LAWLESS: The only other thing that we've got
8 is I think several of us have talked to our contractors
9 and gotten numbers from them, and we included it as one
10 of our data requests that we've responded to, letters
11 from the contractors. And they ranged anywhere from a
12 low of I believe 15 percent to a high of 40 percent,
13 coming from I think five or six contractors. So that
14 was their estimate based on field experience.

15 ALJ THOMAS: Okay. Again, the consequences of
16 our -- the Commission using a higher number of eligibles
17 is that you get a higher budget, and if you don't reach
18 those people, it's a one-way balancing account and that
19 money goes back to the ratepayers. And I understand
20 that at a certain point there's a breakpoint at which
21 we're charging too much in PGC, but I'm not hearing
22 anybody say we're there yet. I don't know. Maybe some
23 time in this range of years between now and 2020 that
24 will start to be a bigger issue, but I haven't -- nobody
25 on the record has said we're there.

26 So, you know, I'm going to assume that, you
27 know, we spend -- the Commission orders the ratepayers
28 to pay for a lot of things, a lot of new measures. A

1 lot of new dollars are going on to those bills. I
2 assume that the low-income piece is not where we want to
3 be cutting.

4 Kelly. Ms. Hymes. Sorry.

5 MS. HYMES: Kelly Hymes. I just wanted to add
6 that we need to keep in mind that the most important
7 part of this program is to allow customers to save money
8 on their monthly bill. And most if not all, hopefully
9 all of our LIEE customers are also CARE customers. So
10 that savings is savings for the CARE program. Granted,
11 it's not a one for one, but we do see savings in the
12 CARE program when we spend in the LIEE program. And I
13 just want to keep that in mind. But we also, especially
14 the commissioners, have to take into account the
15 balancing between the low-income community as well as
16 the general ratepayers population.

17 ALJ THOMAS: Thank you. Very good point.

18 All right. I think that that's a good point
19 on which to end, unless there's -- pardon?

20 MS. SEVIER: Just one more issue.

21 ALJ THOMAS: Oh, okay. Sorry about that.

22 MS. SEVIER: Perhaps this should have gone under
23 A, but DRA did suggest in their protest that the
24 methodology should include a projection of population
25 growth from year to year. Would DRA care to comment?

26 ALJ THOMAS: Do the utilities disagree?

27 MR. TISDALE: In the interest of time, I would
28 just say, we don't even really necessarily elaborate on

1 that. We have had a chance to explain this with the
2 utilities one on one. We have we feel like come to some
3 agreement with some utilities and no agreement with
4 other utilities.

5 ALJ THOMAS: All right. So let's hear from the
6 utilities. Mr. Lawless, you just shook your head. You
7 agree that there should be some --

8 MR. LAWLESS: Yeah, we agree. It's just a matter
9 of how you take the methodology for calculating that
10 growth and whether it's metered growth or some other
11 factor. And we just need to come to agreement on that.

12 ALJ THOMAS: And Mr. Fasana.

13 MR. FASANA: We're willing to look at that for the
14 next cycle to true it up in the next cycle but then
15 agree --

16 ALJ THOMAS: When you mean next cycle, you mean
17 after?

18 MR. FASANA: 2012 to '14, that if you apply it at
19 that point, you can apply the cycle.

20 ALJ THOMAS: Three years from now I don't want to
21 deal with that kind of an issue, especially if there's
22 no real disagreement that the population of California
23 is increasing or at least there are objective measures
24 to which we can turn to determine whether or not it is.
25 I don't want to put that kind of issue off until 2012.

26 So do you have any objection to our taking it
27 into account in this budget cycle?

28 MR. FASANA: You know, if the Commission wishes to

1 do that, we could try and figure out what type of a
2 factor we would go forward with. There's all sorts of
3 different data sources. And that's where, initially our
4 proposal had been that we get together, refine the
5 methodologies that would come up with an annual
6 escalation rate that we can move forward with. So if
7 you want a proxy before then.

8 ALJ THOMAS: But the general idea of an escalation
9 rate --

10 MR. FASANA: Right.

11 ALJ THOMAS: -- is not anathema to you?

12 MR. FASANA: No.

13 ALJ THOMAS: Okay. And Ms. O'Drain.

14 MS. O'DRAIN: I agree with both Mr. Fasana and Mr.
15 Lawless.

16 ALJ THOMAS: Great.

17 MR. TISDALE: If I may, I would just like to add
18 one point that will build the scene for that. We have
19 correspondence from John Peterson, who is the consultant
20 that provided these estimates to the utilities, that
21 indicates that he also supports the use of a growth
22 factor.

23 ALJ THOMAS: It sounds like we're all in agreement
24 on that, although the nuances may be subject to
25 negotiation.

26 All right. Is there anything further before
27 we end what I hope was a useful day, if not somewhat
28 tiring for all of us in this warm room?

1 (No response)

2 ALJ THOMAS: All right. If there's nothing
3 further, I just want to thank especially the Energy
4 Division staff for your wonderful participation and all
5 of you for being here and your continued interest in
6 what I know is a really important fundamental program
7 for California. So I really appreciate your being here.

8 And we will be off the record.

9 (Whereupon, at the hour of 4:12 p.m.,
10 this workshop was concluded.)

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